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BARRIER-FREE EC

Moscow gives its blessing to 1992

World News

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London tube chiefs resign as fire report downstream is released

The chairman of London Regional Transport and divisional chief in charge of the capital's underground railway resigned shortly before publi-cation of a highly critical offi-cial report on the King's Cross fire last November, in which 31 people died. Page 11

Sri Lanka shootings At least 15 people were killed and about 25 injured when soldiers opened fire on Marxist anti-Government demonstrators in separate incidents in SOUthern and eastern Sri Lanka. Protests bring eco-nomic standstill, Page 8

Yugoslav rally threat Yugoslavia faced fresh political turmoil as Serbs and other ethnic groups announced plans for big protest rallies and workers demonstrated outside Parliament against soaring inflation and low pay. Reform plans unveiled, Page 2

Poli fraud alleged Israeli election officials demanded an investigation into allegations of ballot-rigging by Jewish ultra-religious parties, which won an unex-pected 18 seats in last Tuesday's general election.

UK, Iran accord

Britain and Iran are to resume full diplomatic relations after nearly nine years' interval. Officials in London said no deal had been made to release three British hostages held in Lebanon by pro-Iranian groups. Page 8

Tanker crew missing All 27 crew members from the British-owned oil tanker Odys-sey were missing after the ship broke in two and caught fire in a storm in mid-Atlantic.

Sino-Soviet thaw....

China and the Soviet Union have moved towards a resolution of a border dispute and other obstacles to better rela-Kampuchea. Beaming border trade, Page 5

N-test atoli damaged A team of scientists led by underwater explorer Jacques Cousteau said the island of Mururoa, France's underground nuclear test site, is deeply cracked but that they found no evidence of escaping radioactivity.

Brazil strike violence At least five Brazilian strikers were killed and more than 40 injured in the worst industrial violence in living memory, as troops evicted workers from the state-owned Volta Redonda steel plant in Rio de Janiero

UN payment arrears Member states owed the United Nations more than \$450m in dues at the end of October. The US owed more than \$337m.

Tahwan aid for China Taiwan's roling Nationalist Party made an uprecedented call on party members to aid victims of Sunday's earth-quake in China, in which 1,600 people are now feared to have

New crew for Mir. Soviet cosminants Vladimir Titov and Musa Manarov will be replaced in locard the orbit-ing space station Mir next month at the end of a record year-long mission in space. Commercial space flights.

Business Summary

Saudi Arabia plans more oil business

SAUDI ARABIA intends to integrate all its oil production with refining and marketing operations in consumer countries, according to Oil Minister Hisham Nazer. Mr Nazer, who was signing a \$1.8bn deal in London with Texaco for joint

Saudi Arabian Oil Production

Barrels per day excl. neutral zone

ownership of three major US refineries and a chain of 1,400 service stations, said he hoped other similar deals would fol-

THOMSON-CSF, French state controlled defence and electronics group, was identified as mystery partner in Georges Pebereau's stock market raid on Société Générale, France's leading privatised commercial bank. Page 25

ROBERT Maxwell, publisher of Britain's Mirror Group Newspapers, is not after all going to sell all his printing interests to fund \$2.6bn acquisition of Macmillan, US publishing group. Page 30

COMMODITIES, financial futures and options markets in London should be unified. British Corporate Affairs Min-ister Francis Maude said yes-terday. Page 11

WELLCOME, UK pharmaceutical company, unveiled pre-tax proffix of £221m (\$396m) for year to August 27, up 31 per cent on 1987, and said it would welcome connections to Retro-vir, group's big-selling drug and Icensed medication for treating Aids. Page 23; Lex.

LLOYD'S Bank's plan to merge five of its UK financial services businesses with Abbey Life, British unit-linked life insurer is in danger of defeat. Page

AL RAYAN, Egypt's largest investment house, had its assets put under government control and directors detained amid official accusations of wrongdoing against its princi-pals. Page 26

INDUSTRIAS Cardoen of Chile, chief supplier to the Iraqi air-force during Gulf war, says it is now collaborating "at all levels" in post-war reconstruction. Page 24

JAPAN'S trade surplus grew by seasonally adjusted \$1.1bm to \$7.2bn in October, increas-ing difficulties faced by leading industrialised countries in reducing worldwide trade imbalances. Page 7

EC unemployment recorded its biggest year-on-year drop since 1983 in September, when the number of people register-ing as jobless fell to 15.6m, 1.3 per cent below September 1987 level. Page 3

CZECHOSLOVAKIA abolished its currency's traditional peg to the Russian rouble and gold. Analysts said it would take at least a decade for the crown to become fully convertible.

NORWAY said it planned to which can be used to make nuclear weapons, after series of embarrassing scandals over earlier shipments. Page 2

Elders' dawn raid on brewer angers **UK Government**

By Lisa Wood in London

A MAJOR row erupted between the British Govern-ment and leading financial ment and leading institutions yesterday after Elders IXL, the Australian brewing group, increased its stake in Scottish and Newcastle Breweries to 23.6 per cent just minutes after the Stock Exchange heard that its hostile £1.6bn (\$2.7bn) bid had been referred to the Monopolies and Mergers Commission.

The share purchases by Elders allegedly broke the spirit of Government rules governing the purchase of shares after a Monopolies Commision referral has been made.
The Government's Department of Trade and Industry

yesterday considered, but found it was beyond its pow-ers, to unscramble the share purchases made by Elders yes-terday morning in the dawn raid on Scottish and Newcas-

tle.
The DTI, which had referred the bid to the Monopolies Commission on questions of compe-tition in the brewing industry, took the rare step of signing an order preventing Elders fur-ther increasing its stake and limiting its voting powers to 15

per cent.

The action falled to satisfy
Mr Alick Rankin, chairman of Scottish and Newcastle. He said: "I want to have these deals unscrambled, every one of them. The City will not go

By Michael Holman in Geneva

AN AGREEMENT on a withdrawal of Cuban troops

from Angola and independence for Namibia could be reached at the south-west Africa peace

talks which open in Geneva today, Mr Anatoly Adamishin, the Soviet deputy Foreign Min-

Mr Adamishin spoke of his "cautious optimism" that the

differences between the parties

could be resolved over the next

three days. He was speaking at a press conference in Geneva

after a three hour meeting with Dr Chester Crocker, the

ister, said last night.

are ridden over like this. Either the system does not work or a Government department is failing in its responsi-

Elders claimed no assur-ances were demanded by the Office of Fair Trading that it would not increase its stake. The Australian group began buying minutes after the announcement came up on Stock Exchange news service screens that the takeover bid would be referred to the Monopolies and Mergers Committee During help as bour of mission. During half an hour of frantic trading 35m shares changed hands as Elders

changed hands as Elders boosted its holding by 9.4 per cent to 23.6 per cent of the Scottish group's capital.

The Department of Trade and Industry is understood to have sought legal advice on whether it could force Elders to reverse vesterday's transacto reverse yesterday's transac-tions. However, it was found to be beyond its powers and the DTI also believed that unscrambling the deals could be unfair to sellers of shares who benefited from the extraordinary circumstances.

The Office of Fair Trading, in line with common practice, sought an undertaking by telephone from Elders' legal advis-ers minutes after the 9am announcement of the referral that it would not increase its holding in Scottish and New-

Soviets optimistic on deal

for Namibia independence

A formal accord would then

be endorsed at ministerial level in the Congolese capital of Brazzaville. Mr Adamishin,

who was due to continue dis-cussions with Dr Crocker over

upbeat assessment of prospects

for success since talks got under way in London last May.

The Soviet Union has backed US efforts to bring indepen-

dence to Namibia, which is under South African control. Both Pretoria and Washington have insisted that implementa-tion of a United Nations' plan

and South Africa.

Mr Andrew Cummins, a senior Elders executive in Lon-

don, yesterday said he did not hear of the request and launched the buying operation.
"There appears to have been a lot of confusion and somewhere the lines got crossed," he said," Mr Cummins said.

The DTI kept a close watch on the share market activity following the announcement of the referral and, according to an official, became concerned when the the heavy turnover became obvious.

We became increasing worried about the situation because it appeared that they (Elders) had not complied with the request of an undertaking that the Office of Fair Trading had made "the official said had made," the official said. At 3pm Mr Francis Maud, the Minister for Corporate Affairs, issued an order under the Fair Trading Act which stopped Elders from buying more shares and limited its voting rights to 15 per cent of

the capital. Lawyers representing Elders came to the offices of the DTI at 3.30pm offering an undertaking not to increase its holding, the DTI official said.
"We simply told them 'hard

luck chaps, an order has been issued," he said. Editorial comment, Page 20; Lex, Page 22; Background, Page 23

to the departure of 50,000 Cuban troops from Angola. The US has put forward a compromise on withdrawal terms aimed to bridge the gap

between Angola and South

Africa, the main obstacle to a settlement. This is the main

issue under discussion at the

Geneva talks.
Mr Adamishin, while stress

ing that the outcome of the talks depended on flexibility by

both sides, said: "I hope an

accord can be reached in the course of this round of talks."

The gap between the two

sides over the terms of a

Democrats begin to plan post election strategy

By Lionel Barber in Washington

DEMOCRATIC Party leaders met in Washington yesterday to begin the post-mortem on their third successive presidental election defeat and to plot a strategy for dealing with President-elect George Bush. While several senior Demo-

crats have questioned their party's appeal and direction, most consoled themselves with a consolidated majority in the House of Representatives and Senate which gives them a strong base for dealing with the Republican Mr Bush.

Mr Bush's early post-election olive branch to his opponent Governor Michael Dukakis and his pledge to work with Con-gress met with a cautiously favourable reaction. Many Democrats also hailed his swift appointment of Mr James appointment of Mr James
Baker to be the next Secretary
of State as heralding a welcome change from the conservative ideology of the Reagan
Administration.
Mr Bush intends to

announce several appoint-ments in the next fortnight in ments in the next fortnight in an effort to get his new Admin-istration off to a fast start. His close friend Mr Nicholas Brady, presently US Treasury Secretary, is likely to continue in the job. Former Senator John Tower of Texas is a front runner for the nost of front-runner for the post of Defence Secretary, and Mr Richard Darman, a former senior Baker aide, is tipped for the key post of Office of Man-agement and Budget.

Faced with this fast-moving transition, Congressional Democrats recognise they need to clarify tactics quickly for the opening session of Congress next January – one reason for rectoral conference of the congression of the congress

next January — one reason for yesterday's convening of the House Democratic leadership under the Speaker, Mr Jim Wright of Texas.

Publicly, several Democrats voiced confidence that they could do business with a President Bush. Mr Tony Coelho, the House Democratic whip said that Mr Bush, a former US Congressman from Pexas, was "a guy who is the epitome of government," unlike President government," unlike President Reagan and former Democratic ent Jimmy Carter. "It's going to be a whole different fight, a different approach." However, Mr Dukakis's running-mate Senator Lloyd Bent-sen of Texas, who came out of the campaign with his reputation enhanced, gave warning that he would pick at least one fight with Mr Bush. Asked

Continued on Page 22

tion and government parties, Mr Jenninger clearly failed to find the right words, or the deemed as the solemn high point of the anniversary of Kristallnacht (Night of the Broken Glass) on November 1938. Mr Hans-Jochen Vogel,

Election aftermath, Page 4 Bentsen walks tall, Page 22 not lived up to confidence



Bonn Speaker may resign over Nazi quotes

By David Marsh in Bonn

THE PRESIDENT (Speaker) of the West German Bundestag, Mr Philipp Jenninger, yester-day unleashed a furious political storm by quoting in Parliament extensive excerpts of Nazi propaganda in a speech commemorating the pogrom against the Jews 50 years ago. As leaders of the main politi-

cal parties last night consulted Chancellor Helmut Kohl over the sudden crisis, speculation mounted that Mr Jenninger, who constitutionally is deputy head of state after President Richard von Weizsäcker, might be forced to resign.

In his hour-long address, which brought a tide of protest from deputies of both opposi-

ader of the Social Democratic Party (SPD) opposition, said the remarks showed a "shocking lack of sensitivity". He called indirectly for Mr Jenninger to quit by saying he had

placed in him by the Bundes tag. This call was echoed last night by other Bundestag members including some from Mr Jenninger's own ruling Christian Democratic Union. Mr Jenninger has never been associated with extreme rightwing views. He is considered a quintessential political insider,

quite close to Mr Kohl, and something of a defence expert.

The speech, in the course of which several deputies walked out, underlined once again how the country's past still throws dark shadows over politics in West Germany.

The Bundestag president set down baldly the Nazis' anti-Jewish tirades that the Jews represented "putrefaction" and "vermin" which had to be "exterminated", and pointed to the counter-claims that the

Aryan races represented the "healthy, strong and useful" in humanity. He also read out long extracts of SS reports from 1942 and 1943 of massacres of thousands of Jews. Mr Vogel said his "shock" went well beyond the ranks of the SPD. Leading deputies

from the Free Democratic Party (FDP), junior partner in Continued on Page 22

US assistant Secretary of State for Africa who is chairing the talks between Angola, Cuba Cuban troop withdrawal was "not that large." for independence elections in the territory should be linked Brussels launches inquiry into Carnaud takeover of Metalbox

By William Dawkins in Brussels and Maggie Urry in London

EUROPEAN Commission investigate the £780m (\$1.3bn) takeover of Metalbox Packaging of the UK by Carnaud, the leading French metal packag-ing group, only a week before an EC ministerial debate on plans to extend Brussels' antitrust powers.

trust powers.

Officials said yesterday that it was a routine investigation aimed at establishing whether or not the deal would produce an illicit monopoly. But they added privately that the wider purpose of the move was to increase pressure on EC governments to accept Commission plans for an EC merger control policy.

control policy.

Officials emphasised that the outcome of the inquiry into the deal, which would create group, to be called CMB Packaging was entirely open.

Mr Jean-Marie Descarpentries, head of Carnaud and

chief executive-designate of

CMB, said he did not think the merger would be blocked. Under current EC competition rules, Brussels can demand changes or dismantle anti-competitive international takeovers but only - to the Commission's irritation - after they have taken place. The proposed regulation, which is being blocked by Britain and is viewed sceptically by France and West Germany, would allow the Commission to vet

mergers in advance.

Normally Commission investigations of this type are conducted informally, without publicity. Officials said Brussels announced this merely to provoke a rapid response from competitors and customers in the packaging industry, enabling the Commission to produce a decision in time for the merger to become effective by the companies' target date of the end of March.

"The signal we are putting out is that we are equipped to do these things and to expedite them fast," a Commission official said. He stressed there "was absolutely no foregone conclusion either way" on the

CMB will have an annual turnover of £2bn in a total European packaging market worth £35bn. It will have a much more significant share of the metal packaging market but metal competes with glass, plastic and paperboard.

MB Group, Metalbox's parent, and Carnaud opened dis-cussions with Brussels on October 26, the day the merger

They are the latest in a growing number of European companies which are approaching the Commission's competition directorate for an informal advance go-ahead for cross-bor-

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Scandal tarnishes anniversary of Japan's Prime Minister



CONTENTS

Japan's Recruit Cosmos share dealing scandai has clouded any celebration of Prime Minister Noboru Takeshita's (left) first vear in office. Ian Rodger assesses the past 12 months.

Agriculture Arts-Reviews World Guide

Lex: Scottish & Newcastle; Oil majors; Wellcome; Storehouse ..

gases ..

accepted ...

Management: Worker democracy and profit sharing in Brazil

A valid reference; Arafat's strategy ...

Koror Palaus Debt, death and intrigue on a

Technology: The quest for "ozone friendly"

Anglo-Irish accords Tolerated, but still not

Editorial comments A failure of management

MARKETS STERLING STOCK INDICES Dow Jones Ind. Av.

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... \$14.115 (+0.34) (Dec)

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EUROPEAN NEWS

Oslo announces ban on heavy water exports

a ban on exports of heavy water, which can be used to make nuclear weapons, is to be introduced. This follows a series of scandals over earlier shipments which have made their way to Israel and India, allegedly allowing the two countries to produce plutonium for nuclear weapons.

The Foreign Ministry is to allow dispensations for exports in small quantities for scientific research. In compliance with obligations of the non-proliferation treaty (NPT), countries must render assistance for the peaceful use of nuclear

energy.
Norsk Hydro, the big Norwe gian industrial company and sole producer of the country's heavy water (also known as deuterium oxide), said it was likely to close its only remaining plant producing the sub-stance some time in the 1990s. The other plant was closed in

Hydro's current production levels have fallen to between two and four tonnes annually, accounting for sales of about \$1m (£560,000), from 20-25 tonnes in the 1960s. In total, Norsk Hydro has manufactured some 450 tonnes of heavy water since the 1930s and exported it to more than 35

Norway is seeking help from officials in India to trace a 15tonne shipment, sold to a West German company, which made its way to Bombay in 1983. India is barred by international regulations from receiv-

ing shipments of more than one tonne of heavy water because of its refusal to sign a non-proliferation treaty aimed

NORWAY said yesterday that a halting the spread of nuclear a ban on exports of heavy weapons. Although India denies having nuclear weapons, is to be nuclear explosion in 1974.

A 12.5-tonne shipment to
Romania made by Norsk Hydro
in 1986 is also under investiga-

tion by Norwegian authorities.

Norwegian officials have
unsuccessfully sought permission from Israel to inspect its
heavy water, which was meant to be used in the development of the Dimona nuclear reactor. O Norway's Storting (Parliament) approved the minority Labour Government's budget completely on earnings from the petroleum sector to allow

The budget was approved late on Wednesday night by a majority after the Government ceded to minor changes affecting taxation proposed by the

for a real increase in spending of 3.5 per cent, or NKr283.3bn

centre parties.

The approved budget drops a gross tax on dividend payments while lowering taxes, to earn between NKr400m-500m

The budget projects a sur-plus for 1989 of NKr4.9bn, from NKr2.4bn this year.

It forecasts a continued reduction in the current account deficit, to NKrll.lbn next year (less than 2 per cent of gross national product) from an estimated NKr17.5bn this year. However, it may well fall short of expectations, given the recent fall in the international price of crude oil. The budget is based on a price of NKr100 a barrel and an exchange rate of NKr7 to the dollar, giving an oil price of \$14.30 a barrel.

1992 And All That a good thing, says Moscow

in an interview by Dr

lished European Insti-

Academy of Sciences.

cois Mitterrand of France who

tute has been established from last January, after years
in which Western Europe was
the one area in the world with-

out its own department in the

Soviet Academy of Sciences, "reflects a growing role of the European area in Soviet foreign policy," Dr Zhurkin said.

This would not be at the

was now "in a period of pre-cri-

sis" because of some member states political hesitations.

This "pre-crisis" had to be overcome, he said, arguing strongly, for instance, that 11

EC states should not be denied

the opportunity to give the Community "a social dimen-

sion" simply because the UK government did not like the idea. "The British should not

be allowed to impose their dif-ferences (over EC-level social legislation) on other people",

Other problems dominating

the European Commission's

next term would be the requests of other countries to join the Twelve and the need

for the EC to develop a proper

due on November 25. The very fact that the Insti-

Vitaly Zhurkin, head

of the newly-estab-

tute of the Soviet

THE European Community's plans for a barrier-free internal market by 1992 have won a startling convert: the Soviet

Top Soviet researchers have carried out a new study of the EC plans for 1992, and con-cluded that they will indeed come into effect. They are also convinced that Western Europe has started to cut back, or at least to slow down the growth of, the technological gap with the US and Japan.

Their investigations are part of a sudden upsurge in Soviet interest and concern about developments in Western Europe, speit out in an interview by Dr Vitaly Zhurkin, head of the newly-established European Institute of the Soviet Academy of Sciences.

Dr Zhurkin underlined frankly the Soviet concern that the East European members of Comecon, the Soviet-dominated state-trading bloc, will fail to maintain a comparable rate of

EUROPE WOULD receive an

economic boost equivalent to having "a second tiger in its

tank" if it could add increased monetary co-operation to the achievement of a single market, Mr Jacques Delors, the

European Commission president, suggested yesterday.

He heads a special committee, composed mainly of central bank governors of the 12

heads of government next June on possible steps towards mon-

etary union. He said yesterday that the best timing for new

monetary moves would be mid-1990, when the eight richer EC states were due to end all

controls on money movements.

Mr Delors did not specify

economic integration and

restructuring.
He said that security remained the paramount con-cern of the Soviet Union in Europe, and the top priority in its promotion of the vague concept of a "common European home". He insisted that it involved all the participants in the Helsinki process for secu-rity and disarmament.

Indeed, he welcomed the "constructive influence" of the European partners in Nato in sometimes restraining the US's more "assertive" role.

However, he also stressed that Soviet ambitions for radi-cal expansion of foreign economic and trade relations would almost certainly develop

would almost certainly develop most quickly in Europe. Dr Zhurkin's remarks coin-cide with a spate of top-level West European visitors to Moscow, including Chancellor Kohl of West Germany, Mr Ciriaco de Mita, the Italian Prime Minister, and President Fran-

Delors sees EC in 'pre-crisis'

the special monetary commit-

tee, whose progress is one of Brussels' very few well-kept

secrets. But subsequently, he said it would be necessary to consider what should be "the

centre of monetary decision-

making for Europe, a sort of central bank of central banks".

Mrs Margaret Thatcher, the British Prime Minister, has said she finds the idea of a

European central bank as unthinkable as she finds the notion of a European govern-

ment nightmarish.

Speaking to the pro-federalist Action Committee for Europe which was honouring

the centenary of the birth of its

Delors said that four years

after launching the internal market programme, the EC

founder, Jean Monnet. Mr

but "in terms of Soviet particl-pation in the international division of labour, the Euro-Quentin Peel reports on an upsurge in nean dimension is the quickest Soviet interest about developments in Western Europe, spelt out

growing."

He said that one of the first studies launched by the Institute had been to determine how realistic was the EC target of a single market by 1992.

"First of all, the date is real-istic," he said. "We are practi-cally sure that the internal market will be established by 1992. Maybe not in all its com-plexity ... but fundamentally economic problems of a com-mon domestic market will be settled. For the Soviet Union and Comecon, it creates a mul-ti-dimensional challenge: areas both of concern and opportu-

nity."
Dr Zhurkin said there was an urgent need for a whole range of further studies on relations between the two European blocs, and the West European timetable put great pressure on Comecon. "Peres-troika in Comecon is going

rather slowly," he said. Soviet ambitions for a greatly expanded foreign trade greatly expanded foreign trade sector would create "enormous unheaval in this country. If the Soviet Union continues to be a not very well developed supplier of unprocessed raw mais-rials, then certainly it cannot be accepted as an enlightened participant in the international division of labour".

He said that a second study by his institute had concluded that there was a "Euro-renals-sance" replacing the old "Euro-sclerosis" — a change which had already slowed the rate of increase of the techno-logical gap with the US and Janan.

On the political level, he said that the Soviet Union sought to treat all West European coun-tries as equals, although on the economic level, it was clear West Germany was the most important partner, and likely to remain so for the forest

Narjes calls for curbs on Japanese car industry

ork

By William Dawkins in Brussels

THE European Community THE European Community should consider curbing regional aid for Japanese car makers in the EC until Tokyo offers equal help for foreign producers in Japan, a senior European Commissioner said yesterday.

The suggestion, the broadest hint yet that the Commission might use EC state aid rules as a weapon in foreign trade, was contained in a series of minerally tough warnings to the Japanese car industry issued by Mr Karl-Heinz Narjes, Com-

by Mr Karl-Heinz Narjes, Commissioner for Industry.

"Japan is being given enormous advantages that Europeans are not getting in the Pacific," said Mr Natjes in a thinly veiled reference to the UK regional aid to Missun, the only Japanese carmaker with a major plant in the EC.

His remarks appear to question the strategy of the Brussels authorities in trying to seek an accord with Tokyo on this sensitive issue without provoking a row.

this sensitive issue without provoking a row.

He called for Japan to do more to open its car market by scrapping 18 barriers to car imports, including discriminatory tax rules, differing standards on headlamps, wheel alignments and noise levels among others. He said these barriers were contrary to the

among others. He said these barriers were contrary to the spirit of the General Agreement on Tariffs and Trade.

Mr Narjes warned that any EC-wide restraint accord on Japanese car imports might have to include cars made outside the Community by Japanese companies and sold in the EC. Tokyo would, however, be free to count indirect EC

health spending.
The VAT increases affect

Rome's draft budget comes under assault

By John Wyles in Rome

THE Italian Government's 1989 budget proposals launching its strategy for stabilising the nation's public debt problem have run into heavy political water stirred up both by the Communist party and a desire among members of its own par-

among members of its own par-liamentary majority to tinker with the details.

As a result, the Treasury's hopes of having all 13 separate items of budget legislation passed by the end of the year are beginning to look decidedly slender. The delay could also her plans to increase value added tax rates on a range of added tax rates on a range of basic items including bread, milk and newspapers, from January to raise around L2,500bn (\$1.9bn). This revenue is vital if the Government is to

is vital if the Government is to achieve its deficit target of L117,300hm or 10.5 per cent of gross domestic product.

The Communist spoke in the Government's wheels is its use of the requirement for unanimous agreement between political groups for any change in the procedures of the lower House, the Camera.

House, the Camera.
The coalition claims that the Communists have abandoned an agreement to allow an an agreement to anow an accelerated procedure for the draft budget laws. In its search for a political strategy, the party has since then decided to behave like a "shadow govern-

YUGOSLAVIA yesterday

unveiled a wide ranging series of proposals for economic change which mark the culmi-

nation of more than a year's deliberation by the Commis-sion on Economic Reform

chaired by Prime Minister

Executive Council member responsible for external economic relations, said proposals to implement the reforms, which call, as expected, for a

more market-oriented economy, would now go before Par-liament so they could begin to be implemented next year.

The reforms did not consti-tute a full-scale restructuring of the economy, he said, but

they represented a "critical

mass to put the economy in transition from one way of operation to another."

The planned reforms concer trate on the way the economy

operates rather than on chang-ing the direction of economic policy and development, he said. Neither planning nor the socialist character of the Yugo-slav state will be abolished.

enterprises.

• Withdrawal of government

planning from most corporate activities except those of hig utilities in areas like post,

transport and energy. Other sectors will be expected to respond to signals set by fiscal and monetary policy rather

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ncial Times (Scandinavia) Ltd.

Mr Oskar Kovac, a Federal

Branko Mikulic

Yugoslavia unveils plans

By Peter Montagnon and Aleksandar Lebi in Belgrade

for economic reform

ment" - which is tending to mean a withdrawal of co-operation until it is satisfactorily purchased by government con-

Prime Minister Ciriaco De Mita is expected to have a tac-tical discussion with his Treasury and Finance Ministers today but he is apparently unsure of what bargain the Communists want to strike.

The coalition this week has whittled down to six the priority pieces of budget legislation requiring an accelerated passage through the Camera's

committees, but the Communists are digging in on four. Meanwhile, members of the meanwhile, members of the conmittees handling budget legislation have begun tabling amendments which could upset the budget strategy.

The Government's hopes

The Government's nopes that local government revenues could be boosted by an option to apply local consumer taxes to raise L1,500hn look threatened, as do a package of measures to cut L5,000hn from bealth granding.

products at present zero-rated as well as those subject to a 2 per cent tax. All will be raised to 4 per cent in a move ostenat-bly designed to begin aligning with VAT rates favoured by the European Commission.

than subject to specific central

 More competition in the economy through the mobilisa-tion of private domestic and foreign capital as well as faster liberalisation of imports,

including consumer goods.

laws allowing foreign compa-

nies for the first time to set up fully-owned subsidiaries here. These will initially be restricted to export-oriented free-trade zones, with the exception of highway concessions and hotels.

The new legal arrangements for foreign investment would

supersede existing rules letting foreign banks set up joint ven-tures in Yugoslavia. Such ven-

tures would be allowed to oper-

ate in dinars instead of just foreign currency as at present.

sions and hotels.

Yugoslavia expects to pass

EC. Tokyo would, however, be free to count indirect EC imports into Japan on the same basis, said Mr Narjes.

He also hinted that the Commission would not automatically accept cars built in the Community by Japanese companies as EC-made cars even if they had as much as 80 per cent local content. That is the level being asked for by France and Italy as a condition for giving market access to Nissan cars built in the UK. Missau cars built in the UK. Britain argues 60 per cent should be the rule. Brussels is expected to decide on the Missan dispute soon, said Mr Narjes, who

figure" to determine local content, which depends on the technological and economic significance of the parts supplied locally. If you have just that is still enough for one to implement a world strategy." Mr Narjes added: "We must question to what extent regional bodies should be in a

thin white the

MI /

warned that "there is no magic

position to promote invest-ment without any help being given to the Europeans on the Japanese market." He argued there were "enormous imbalances" in the Japanese car industry, as a result of which EC imports to the country had only reached 560,000 between 1977 and now, while Japanese sales to the Community totalled 8.2m over the same period. A day earlier, the Commission agreed a strategy paper suggesting a stand-still on Japanese car imports until 1992, to be followed by a

moderation accord for a limited period. Under the current system Under the current system,
Tokyo unilaterally offers to
keep its carmakers' in the EC
at around 10 per cent of the
market. Some member states
also run bilateral restrictions
with Japan, which the Commission aims to abolish by

what he thought might be rec-ommended as a first step by foreign, and even security, pol-icy, Mr Delors said. TEST PER PROPERTY

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The proposals rest on four main pillars: **CRIES** ● The development of a private sector which will not be discriminated against in favour of the public sector. Squadron Leader R., G., n., DSD, DFC, was one of the first of the "few". Without him and his Spidire the fires of London would have A new emphasis on profit rather than income as the basic economic objective for



been much worse.

After the Battle of Britain, G...n fought with Monty up through the Western Desert knot hely. Here his plane was hit by a Garman '88' stall. He spent in erest of the war in a orisoner-of-wer hospital in a prisoner-of-wer hospital. A brave man, a very brave man

Not the sort to burst into teers, but yet he does so, covering into a corner at any unexpected noise. For S. ... it is war is not and never will be, over.

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EUROPEAN NEWS

Wider role for workers alarms **EC** employers

By William Dawkins in Brussels

AN IMPORTANT industrial lobbying group in the European Community has voiced serious concern about Euro-pean Commission ideas for an EC company statute which would improved

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worker participation.

The Round Table of European Industrialists, a pressure organisation of the EC's 40 largest multinationals, has written to Mr Jacques Delors, the Commission president, warning that the scheme "would bring serious risks to the competitiveness of the

European Community."
While the group's reaction is no surprise, it feels so strongly about the issue that it has sent copies of its letter to all 12 EC ambassadors, a week ahead of a ministerial meeting which will discuss the Commission's

Mr Delors has made it a personal priority to revive long-stalled attempts to increase workers' involvement in big company decision-making. He fears their interests could be elbowed aside in the rush to create a free single market by 1992, so risking a political backlash against the whole

programme. He has asked companies and governments to respond by the end of the year to his outline ideas, floated last summer, in order that the Commission can turn them into definite propos-als for subsequent adoption by member-states.

statute would be offered to companies staging cross-border mergers, as an alternative to having to choose between the company laws of either of the states where the partners are based.

then have to offer a minimum level of worker participation, drawn from three options in the Commission's outline plan. As an incentive, they would be allowed to offset tax losses arising in one member-state against profits earned in

The industrialists' letter, signed by Mr Wisse Dekker, chairman of the Round Table and chairman of the supervi-sory board of Philips, stresses that the group also recognises the need to spread more widely the benefits promised by 1992, but that member-states should be left free to set their own systems of worker participa-

It argues that the proposed legal structure offers no important benefits, that the tax incentives on offer should not be "limited to a privileged class" and that "we have seri-ous reservations about extending the system of worker par-ticipation in the manner

The group is now working on its own alternative ideas on company tax, personnel and legal matters.

Big fall in Community's unemployment rate

By David Buchan in Brussels

According to Eurostat, the European Commission's statistical service, the seasonally adjusted jobless rate for the 12 member states fell from 10.4 per cent in August to 10.2 per cent in September. This was due to decreases in the national unemployment rates unemployment level harder to of 0.2-0.3 per cent in Belgium, reduce.

Irish delay on Brussels job By Kieran Cooke in Dublin

Haughey, the Irish Prime Minister, has again delayed the announcement of Ireland's new

ter, to Brussels was to have been made some days ago. He is expected to take the place of

recorded its biggest year-onyear drop since 1983. The number of people registering as jobless in September was 15.6m,
or 1.3 per cent below the September 1987 level.

Association of the september was 15.6m,
or 1.3 per cent below the September 1987 level.

After a long decline between 1973 and 1985, the share of the Community's population working or looking for work has started to rise again. This rising participation rate (at 64 per cent in 1987, well below that in the US or Japan) makes the

Mr MacSharry is one of Mr is viewed by many as a possi-ble future Prime Minister. The nomination of Mr Ray from his office for nearly a MacSharry, the Finance Minismonth. He had had recurring problems with kidney stones and developed a serious chest infection. Reports that he might retire from office have been denied.

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New East-West conventional arms talks edge nearer

Human rights are the remaining stumbling block to negotiations, reports Judy Dempsey in Vienna

AST AND WEST, after months of informal negotiations, have virtually reached agreement in Vienna on a mandate for starting new conventional arms reduction talks. But a formal start of the Conven-tional Stability Talks (CST) which involve the sixteen Nato and seven Warsaw Pact countries, depends on a successful conclusion to the long-drawn-out Vienna review meetco-operation in slinked.

In contrast to steady progress at the CST, differences in the CSCE, particularly on humanitarian issues and Those companies which did choose the EC statute would whether the West will agree to a human rights conference in Moscow, has prevented East and West from

has prevented East and West from reaching a final agreement. As a result, the start of the conventional arms talks is being delayed.

The CSCE Vienna meeting, which opened in November 1986, is part of the Helsinki Final Act. The 35 signatories include all the countries of eastern and western Europe (except Albania), the United States, Canada and the Soviet Union. But despite the noticeable improvement in East-West relations, several major differences between both sides have hindsred a between both sides have hindered a final resolution.

Progress on the CST itself has been relatively smooth. Both sides agree in principle that dual-capable systems (weapons which have both conventional and nuclear capability) should not be included in the new talks. They also agree that the long-drawn-out and deadlocked Mutual and Balanced Force Reduction talks (MRFR) which have been meet-ing in Vienna for the past 15 years,

would be phased out as soon as the CST began. But one issue still divides Nato and the Warsaw Pact. Because of its geo-strategic position, Turkey wants part of its territory bordering with Iraq, Syria and Iran excluded from any Pact wants part of the Soviet Caucasus excluded.

Western diplomats, however, are confident that the Soviet Union will drop this pre-condition. As a consequence, they believe the mandate could be ready in a matter of weeks.

What then is the delay in wrapping up the Vienna meeting? One of the problems is "basket three". The CSCE is divided into three "baskets" – confidence building recovers and burger fidence-building measures and human rights, economic co-operation, and specific humanitarian issues, such as the right to travel and minority

Basket three has not only proved the most difficult for East and West to reach agreement on: it has also highlighted differences within the Warsaw Pact on how far each of those coun-

tries are prepared to make commit-ments on human rights. Hungary and Poland, for instance,

are prepared to accept the draft document as it exists. This document was drawn up last month by the co-ordina-tors of the three baskets in an effort to reach consensus. But ironically, it has revealed further cracks in the

Warsaw Pact.
The East German authorities, for example, refuse to drop the compulsory hard currency requirements for anyone visiting the country. Western delegations believe this puts a brake on improving human contacts and discourages travel discourages travel.

Czechoslovakia, despite the winds of "glasnost" sweeping across the Soviet Union, is reluctant to allow greater religious freedom and freer flow of information. "We can only judge Czechoslovakia's commitment to human rights by its practice," one Western diplomat said, adding that Czechoslovakia remains unprepared to endorse the spirit of the CSCE. Bulgaria, which recently deported a leading human rights activist, remains inflexible about allowing

more people to travel, and ambivalent about granting rights to the ethnic minorities. This breakdown in unity is partly due to different responses by the East European countries to the reforms taking place in the Soviet Union and

to different expectations of how far Mr Mikhail Gorbachev, the Soviet leader, is willing to make human rights a real issue.

It is also explained by statements made by Mr Gorbachev that national cultures and traditions of the individual socialist countries should be respected.

But if the Soviet Union has prob-lems with its allies, Western unity is also beginning to fray at the edges.

onsensus exists among the West, just as much as among the East, about wanting to start the CST in the near future. But several Western delegations, most notably Great Britain, Canada, the United States and the Netherlands, are not prepared to compromise on human rights and humanitarian issues just so that the CST can begin. "Why should we? We all want the CST. But we should not lower our expectations on human rights. We have to keep building on the Helsinki Final Act. That means institutional changes getting the laws in both the Soviet Union and Eastern Europe changed or amended," a senior Nato diplomat argued.

For its part, the Soviet Union often argues that if the West lowered its expectations on humanitarian issues,

final document could be then signed,

and the CST could soon begin.

But the Soviet Union has gone one stage further. After months of silence, it is now insisting that one of the CSCE follow-up meetings should include Moscow hosting a human rights conference.

The response from the West has been mixed. The French, who until recently remained cool towards the idea, have agreed to go, as have some other Western countries. The United States says it would think about agreeing to such a Moscow conference if all political prisoners were released, a view shared by the West Germans. Other delegations, including the British and the Canadians, refuse to be drawn into the "numbers game" concerning how many political prison-ers must be released before they agree

to go to Moscow.

The next few weeks will indicate the extent to which both the Soviet Union and its East European allies are prepared to meet Western demands. Without this commitment, some of the Western delegations are prepared to sit in Vienna until, as several diplomats put it, "we have a balanced and substantive CSCE document. We know we are under pres-sure to start the CST, but frankly, after this length of time in Vienna, we then perhaps the more troublesome cannot compromise on human East Europeans would fall into line, a rights."

Greek trade deficit widens

by almost 10% By Andriana lerodiaconou

GREECE'S TRADE deficit in the first nine months of this year increased by 9.6 per cent compared to the same period in 1987, as export earnings failed to offset a continued rise in import costs.

According to the latest Bank of Greece figures, import costs in the January to September period went up by 10.7 per cent, despite an 11.5 per cent reduction in Greece's oil bill. Export earnings rose by 12.3 per cent, leading to an overall trade deficit of \$5.7bn, compared to \$5.5bn in the first

nine months of 1987. The competitiveness of The competitiveness of Greek products is adversely affected by the high domestic inflation rate. The Government's inflation target of 12 per cent for 1988 is expected to be overshot significantly.

There are also problems of greeking control and marketing.

quality control and marketing. Besides hindering exports, these deficiencies preserve high levels of import substitu-

Despite the worsening of the trade deficit, Greece's current account deficit in the first nine months of this year registered

reinforced the authorities' hopes of keeping the overall deficit for the year below \$1.5bn. The poor trade perfor-mance was counterbalanced by a 16.2 per cent overall increase in invisible earnings, mainly from shipping and tourism.

Dubcek allowed to visit Italy for university honour

By Lestie Colitt in Berlin

MR ALEXANDER DUBCEK, the reformist Czechoslovak leader in the Prague Spring of 1968, is expected to leave his home in Bratislava today for his first trip abroad in nearly

20 years. He was given permission by where he will receive an honorary doctorate in political science later this week from Bologna University.
The degree is being con-

ferred on Mr Dubcek for his

role in launching the political and economic changes which are widely regarded as being the forerunner of Mr Mikhail Gorbachev's reforms in the

Paradoxically, there is wide-spread criticism of Mr Dubcek by Czechoslovaks who otherwise oppose their orthodox party leadership and would like nothing better than to see glasnost introduced to Czechoslovakia.

Mr Jan Urban, a signatory to

the Charter 77 human rights movement, said last week in Prague that while thousands of young demonstrators chanted Mr Dubcek's name last August 21, the anniversary of the Soviet-led invasion, "he did nothing to deserve it".

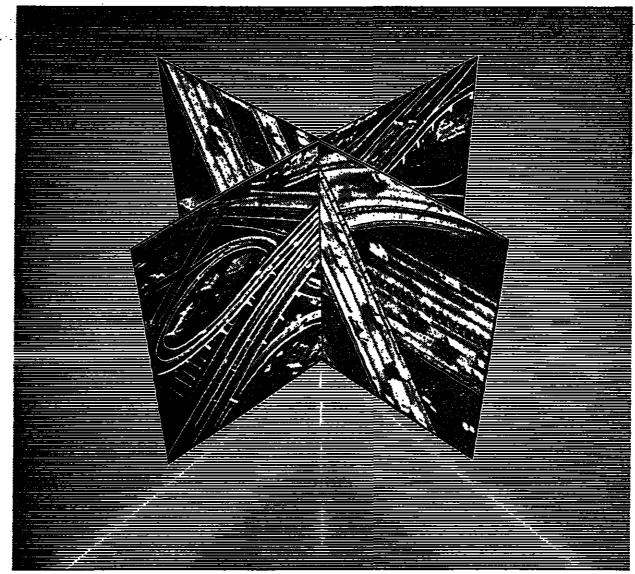
He had failed to speak out for the young people arrested at the demonstration. Mr Urban believed this was because Mr Dubcek was "awaiting a call" from Mr Gorbachev to resume the leadership of the party in Prague. A prominent Charter 77 activist, Mrs Anna Sabatova. agreed that Mr Dubcek, at 67 years of age, still had "political ambitions". She suggested that he behaved "badly" in the period after the Soviet occupation until he was relieved of his post in April 1970. He never told Czechoslovaks what the "real situation" was, she

Another Czechoslovak - not

who sympathised with Mr Dub-cek in 1968 - said Mr Jiri Hajek, who served as Foreign Minister under Mr Dubcek and who was a founder of Charter 77, would have been a "better candidate" to be honoured by the West in the cause of human rights.

• At least 11 members of the Czechoslovak opposition were taken into custody yesterday for planning an unofficial symposium today on the hisa member of the opposition but tory of modern Czechoslovakia.

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Economist

US admits stealth fighter exists

By David White, Defence Correspondent

THE US yesterday announced what has been an open secret for years - the existence of a "stealth" fighter designed to avoid detection by radar. The US Air Force also

acknowledged that three of the secret jets had crashed, killing two pilots, since the pro-

ramme started.
The Lockheed fighter, officially designated the F-117A although the project has always been referred to unofficially as the F-19, is a single-seat, two-engine aircraft. The Pentagon said it first flew in June 1981 and had been operational for the past five

Fifty-two of the fighters, made of composite materials that absorb radar signals, were in operation.

The Pentagon described the aircraft as a "mature system" that had enjoyed support from both sides of Congress and could now be fully integrated into operational plans, adding to the country's "deterrent strength." The Soviet Union is not believed to have an equivalent aircraft.

A more recent development, the B-2 stealth bomber, is due to be rolled out for public view on November 22. It is not expected to become operational until the mid-1990s.

Democrats count the cost of defeat

Stewart Fleming examines the emerging arguments over the party's future direction

EMOCRATIC Party strategists have begun to sift through the wreckage of their fifth defeat in the last six presidential elections and to delect the last six presidential elections and to delections and to delect the last six presidential elections and to delect the last six presidential elections and to delect the last six presidential elections and to delect the last six presidential figure.

ent himself to the voters as a presidential figure.

Mr Dukakis did well on the west Coast, carrying Oregon and Washington – the first time a Democrat has done this tions and to debate the lessons which the party should draw from this disastrous record. A sense of urgency is already infusing the debate at both the Congressional level and around the country even though the interests and priorities of the party at these levels are not identical.

On Capitol Hill, where the Democratic leadership of the House was meeting yesterday, the party sees Vice President Bush moving swiftly to distance himself from the negative and backward looking

GOVERNOR Michael Dakakis does not waste time. Just nine hours after conceding the presidential race to Mr George Bush, he was back in his office in the Massachusetts State House shuffling papers and, as he says, "getting acclimated", writes James Buchan.

This is not just because Mr Dukakis loves work. While he has campaigned was and down the US the local economy

up and down the US, the local economy

and public finances have developed

over, an armistice with independent-

minded Democrats in the Massachu-

Dukakis supporters say he is a good

setts Legislature has been lifted.

serious problems. With the election

too a sense of urgency exists. In February the party will pick its next chairman. But the first meeting of State party chair-persons is in only nine days' time. Already the manoeuvring is under way by groups repre-senting the different philosoph-ical persuasions in the party to

influence the meeting.

The detailed voting breakdown in Tuesday's election was not entirely discouraging for the Democrats. Although Mr Bush carried forty of the 50 states and won 426 electoral college votes to Mr Dukakis's 112, the defeat was less crush-

since 1968. He ran strongly in California, which in a local referendum rejected part of the Reagan philosophy and approved higher taxes on cigarettes and, in principle, for

schools. Moreover, exit polls indi-cated that Mr Bush did not inherit the Reagan coalition intact. According to a CBS
News /New York Times poll,
voters under 30 gave Mr Bush
only 52 per cent of their votes
whereas Mr Reagan won 59 per cent and did not turn out as heavily for him as they did for

Dukakis's campaign chickens come home to roost

Mr Bush also lost half the Democrats who had voted for Mr Reagan in 1984 and one quarter of the independents. Trade union members also returned to their traditional Democratic home.

Conservative Democrats will focus on Mr Dukakis's failure to carry a single southern state, to argue that the party has a fundamental problem with its message and should shift to the right. "I think when you lose five out of six elections were have to quit elections you have to quit blaming the nominee and take a look at whether you have a core philosophy that the Amer-ican people identify with," Sen-ator Sam Nunn, the influential

economist, said: "We don't know yet the exact magnitude of the deficit for

this year. We do know it's severe".

At the heart of the problem is the

npheaval in the micro-electronics industry in Boston. This has meant a hig drop in manufacturing jobs, cutting

the prospects for growth and tax revenues, and raising memployment costs.

In the spring and summer, Mr Dukakis woodd and bullied the Democrat

majority in both Massachusetts houses to accept a budget for fiscal 1989, which runs to next June. "The Demo-

crats had to put up with a lot of wall-papering so Dukakis could get to the

Jackson, the black leader, are drawing the opposite conclu-sion. "I think we better cover our base " said Mr Joel Fargu-son, echoing Mr Jackson's call to focus on the urban midwest

and north-eastern vote.

It is a potential conflict, which has party members worried. "The last thing this party needs... is some kind of pitched battle between left and right, north versus south, black versus white," says the current party chairman, Mr Paul Kirk.

Mr Will Marshall of the conservative Democratic Leadership Council retorts that "the servative Democratic Leader-ship Council retorts that "the danger is not internal discord, but inertia. The party must not become accustomed to habitual defeat in Presidential elections, its unhealthy".

Atlanta convention saving he's bal-anced 10 budgets," Mr Howell said. Critics now say that the fiscal 1988 budget is unravelling. They say that the forecast increase in revenue of 5.3 per cent is looking wildly optimistic, with a likely outturn nearer 2-4 per cent. The state revealed yesterday it was borrowing \$450m short term, after taking out \$1.2250m in loans to help pay the bills in the summer.

Mr Dukakis will be looking for ans-terity, just as Democrats in both houses are trying to make good on their summer promises. "It's going to be a stormy session," says Mr Poirier.

pay the hills in the summ

Texas chosen as site for particle accelerator

By Roderick Oram in New York

TEXAS was chosen yesterday as the site for a \$4.40n particle accelerator, 20 times more powerful than any other in the world, which the US Department of Energy will fuild if it can get congressional funding.

Seven states, chosen as finalists from 36 original competitors, had lobbled intensely for the "Superconducting Super Collider" because of its substantial economic and sciantific benefits. Texas's case was pushed by its powerful congressmen including Mr. Jim. Wright, the House Speaker, and Mr Lloyd Bentsen, chairman of the Senate Finance man of the Senate Finance

Mr John Herrington, Energy Secretary, said the site near Waxabachie, 25 miles south of Warriagnie, 20 miles schin of Dallas, was chosen as the "superior" location for reasons including sectory and infrastructure. It will cover 15,000 acres, including a central campus and a thin surrounding oval housing the underground

if Congress finds the money, the Department will build a 58-mile long concrete oval tunnel lised with 10,000 magnets to accelerate proton beams. Scientists hope studies of the substantic particles throws off when the beams collide will further their understanding of high-energy physics.

Local contractors, scrambing for work in the depressed

Local contractors, scrambling for work in the depressed Dallas market have called the project "The Big Pour." Benediciaries could include Gifford Hill, a Dallas construction materials company owned by Beazer of the UK.

Once completed, the facility will provide as many as 2,500 jehs on an annual budget of \$270m, Dallas, deeply conscious it lacked a world-class scientific establishment, worked hard to win the project for the

hard to win the project for the area. It hopes other scientific enterprises will grow up around the facility, which will accommodate some 500 visiting scientists at a time from around the world.

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Mexican ruling party claims state poll victory

By Richard Johns in Villa Hermosa.

Revolutionary Party (PRI) has claimed victory for its candi-date, Mr Salvador Neme Castillo, in the election for gover-

tillo, in the election for governor of Tabasco state, its first major political test since July's controversial general election. With about 20 per cent of the vote counted, the FRI said it had 81 per cent majority. The broad left National Democratic Front (FDN) opposition reserved judgment. Mr Andres Lopez Obrador, its candidate, said that it was not possible "to declare a triumph or accept a defeat" on this basis but pointed to major electeral irregularities in the town and district of Humanguillo, one of the state's 17 municipalities. There the FDN alleged 30 per cent of the poll watchers registered by the epposition had

tered by the epposition had been disqualified at the eleventh hour on the grounds that their credentials had been processed incorrectly by the PRI-controlled State Electoral Com-

mission.

The FDN, led by Mr Cuauhtemoc Cardenas, claimed that

after the polls closed 30 ballot boxes had been spirited away to the commission's headquarters in Villa Hermora, the state capital. All over the state the FDN

had not received, as they were entitled to, copies of the results, Mr Lopez Obrador said. In Huimanguillo, Pio, his brother, said the registered poll watchers had been disqualified watchers had been disqualified because the deputy mayor, rather than the mayor, had signed their certificates. Throughout the campaign the Front has been bedevilled by what has seemed a perverse and arbitrary application of regulations by the FRL which controls the electoral system. Elecwhere there was confusion caused by the commission's refusal to allow the four opposition parties to nominate

opposition parties to nominate common candidates. In rural districts the opposi-

tion complained that the PRI that communicate that the PRI that communicated all public buses to carry their supporters to the polls. Voting took place and heavy presence of troops and paramilitary police.

Buenos Aires postmen defy peace accord

By Gary Mead in Buenos Aires

MILLIONS of items of mail are stuck in Argentina's post offices, as postal workers in Buenos Aires dely a union agreement with the govern-ment to end industrial action

in return for wage increases. The peace deal – involving a 15 per cent increase for the final three months of 1988, plus average back pay of an index-linked 20,500 Australs (\$1,366) – has been rejected by union delegates in Buenos Aires despite agreement between Government and

mion leaders.

The delegates complain they are being offered 5 per cent less than railway workers (who also won pay rises this week); that the back pay is not extended to retired union members; and they object to preparements to pay the back arrangements to pay the back payments over 18 months.

The industrial action in the

Buenos Aires' post offices effectively paralyses mail and telegraphic communication. The deal struck between postal unions and the Government breached wage limit guidelines set by the Government in August, which laid down increases of 4 per cent per month for the rest of the year. Other state workers are year, Other state workers are continuing industrial action.

Alfonsın in plea to Congress on airline sale By Gary Mend ARCENTINA'S President Raul

Alfonsin has asked Congress to approve plans to sell 40 per cent of the state-owned airline, Aerolineas Argentinas, to Scandinavian Airline Systems (SAS). The deal is regarded as a test case for the plans of Mr Rodolfo Terragno, Minister of Public Works, to privatise parts of Argentina's loss-making state-run industries. He has also agreed to sell 40 per cent of Argentina's telephone net-work, ENtel, to the Spanish telephone company Telefonica. The SAS deal has been critic-

The SAS deal has been criticised by opposition Peronists who say the \$210m SAS is offering for its 40 per cent stake is too little, implying a total valuation of \$525m. They also suggest that the deal has been incompetently handled and contravence laws forhid. and contravenes laws forbidding private capital entering nationalised enterprises. As the Radical Party Government lacks a Congressional majority, the planned sell-off may yet fall at the last hurdle, since Percuist Senators have promised vigorous opposition.

The Inter-American Development Bank has approved a \$459m loan for Argentina, to be dishursed in four quotas. More than half goes to the Yacyreta hydro-electricity project.

Pro-Democrat party wins Puerto Rico poll *

RAFAEL Hernandez Colon national elections because resinarrowly won re-election on Tuesday to another four-year term as Governor of Puerto Rico despite an endorsement of his opponent by Vice President

Mr Hemandez Colon, whose Popular Democratic Party (PDP) favours continued Commonwealth status for Puerto Rico, won 48.7 per cent of the vote. Baltasar Corrada del Rio, leader of the pro-statehood New Progessive Party (PNP), ran a surprisingly strong second, with 45.8 per cent. A hird candidate, Ruben Berrios Martinez, head of the Puerto Rican Independence Party, garnered

Mr Hernandez Colon's party is aligned the mainland Demo-cratic Party, while Mr Corra-da's PNP shares sympathies with mainland Republicans. In fact, a week before the elections Mr Corrada received a letter of endorsement from a letter of endorsement from Vice President George Bush, who wants Puerto Rico to become the 51st state of the union, and who had visited the union, and who had visited the island during the Republican primaries. Mr Hernandez Colon was helped by a booming manufacturing sector, the relative stability of Puerto Rico's taxincentive programme and a Sa per cent.

The Puerto Rico gubernatorial race, always held on the same day as the US elections, takes on the importance of takes on the importance of the control of the

dents of Puerto Rico - though

US citizens - cannot vote for

THE BIG DIFFERENCE STHE BOTTOM LINE.

manager who mastered serious struc-tural and fiscal problems in his first

tural and fiscal problems in his little term as governor from 1974-1978. Mr Michael Goldman, a leading political consultant, argues that his eight-point edge over Mr Bush in Massachusetts on Tuesday bolsters his chances for a third term as governor in 1996.

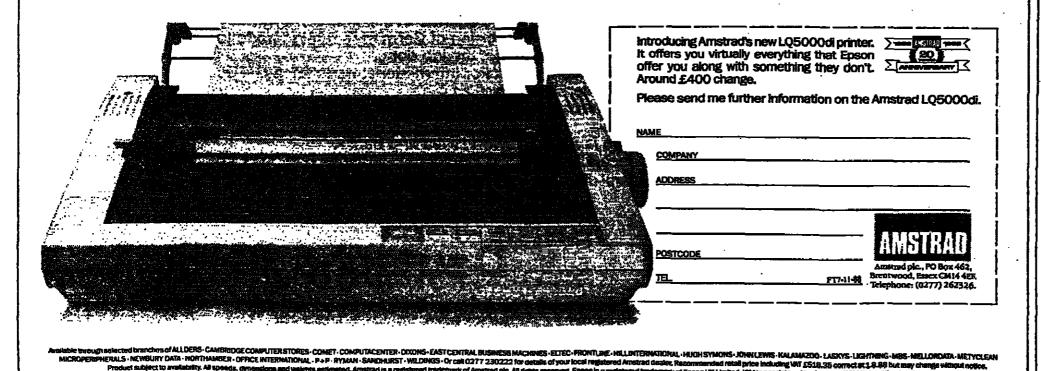
But the prospect of painful spending cuts and tax increases to balance the

"Right now, the government of Mas-sachusetts is in chaos," said Mr Kevin

Poirier, Republican deputy leader in the state House of Representatives. Mr James Howell, Bank of Boston chief

1989 budget could change that.

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US farmers worried over Montreal trade talks

US NEGOTIATORS, heading ist-minded Democrats made Farm Bill. into the Montreal mid-term review of international trade talks next month, are under pressure from the US agricul-fural lobby not to settle for short-term concessions. In addition, rejection of the

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ongress # ine sale - Mead i es 🖅 المعالمة المستعدد والمستعدد Lain to sell # State candid US-Canada Free Trade Agreement (FTA) by Canadian voters in the November 21 general elections would affect US influ-

elections would affect US influence in these talks.

Canada is the US's biggest trading pariner, and rejection of the FTA would reduce the effectiveness of the off-stated threat that, if multilateral approaches fall, the US might strike bilateral liberalisation deals with individual trading deals with individual trading

The election of Mr George Bush to the presidency strengthens the US hand, since he has promised a continua-tion of the Reagan commitsignificant gains in Congress, and it is by no means certain that they will be willing to follow the lead of the new Presi-

US farm commodity groups are seriously divided in their support for the talks. Ten groups have signed a resolution opposing any "hasty agreements" in Montreal until a full assessment of last summer's deputy to complete

The resolution, signed by wheat, barley, sugar and potato organisations in the Northwestern states, cites the Canadian agreement as an example of hasty agreement "reached with little time to assess the impact on the econo-mies of US agriculture". It warns negotiators that Congress "should not be hin-

dered by agreements which could run the risk of being

Congress, meanwhile, will be keeping an close eye on the talks. The two chairmen of the

agriculture committees, Sena-tor Patrick Leahy and Congressman E "Kika" de la Garza, will lead a team of congressional advisers to the talks. No deals made by US negotiators can become law until they are passed by Con-

According to the US Feed Grains Council, dairy and Grains Council, dairy and sugar producers are "particularly nervous about the prospect of concessions at the midterm review". The fear has been growing that the US will trade liberalisation of their markets in exchange for access to EC markets.

US cotton growers are also worried. The world's two largest producers - China and the Soviet Union - are not mem-

Countries 'hardening positions' ahead of ministers' meeting

GOVERNMENTS HAVE trading nations were trying to hardened their positions in the Uruguay Round trade talks in the run-up to the meeting of trade ministers in Montreal next month, Mr Arthur Dun-kel, Director-General of the General Agreement on Tariffs and Trade (Gatt), said yester-

At their mid-term review of the round, ministers would have to work out a "global" package of answers, in which each country could find elements that met its particular interests, Mr Dunkel warned. They had to ensure the tradeliberalising exercise was irre-versible and to give the neces-sary political impetus to its

second phase.
Mr Dunkel was referring to the difficulties into which several of the 15 negotiating groups have run, in agreeing on reports for the ministers and to statements made this week at Gatt's annual meeting.

Developing countries complained that the US, the European Community and other big

use their muscle to obtain results in such new areas as services and intellectual property rights while ignoring Third World interests and pleas for special treatment.

Mr Dunkel was not entirely pessimistic. He noted that a hardening of positions was normal at this stage. The Montreal meeting would take place under favourable economic conditions, with Gatt's economists now forecasting a growth of over 5 per cent in the volume of world trade this year.

However, Gatt's director-general was clearly worried that next week's meeting of the Group on Negotiations of Goods, the co-ordinating body for the talks, would send the wrong signals to the world, and that little time was left to sort out differences.

Developing countries were fully-fledged participants in the Uruguay Round. This was in contrast to earlier Gatt rounds, when most of them had waited for the results and then, as "a

The state of the country of the coun

footnote", had asked for and

been given special treatment, Mr Dunkel said.

This did not mean that dif-ferences in levels of development could be ignored or that the least developed countries should not be allowed more time to implement decisions reached in the talks.

At Montreal, ministers should have the political wisdom to agree on short-term measures to start putting agricultural trade in order.

The current situation in the talks on services differed completely from the situation pre-vailing before the start of the

Uruguay Round, when developing countries fiercely opposed any negotiations. Decisions for immediate implementation could be reached at Montreal to improve Gatt's dispute settlement mechanism, to involve ministers more closely in its work and to improve the regime for trade in tropical

products, a key Third World demand, Mr Dunkel said.

in \$350m

commuter aircraft deal

By Paul Betts in Paris AEROSPATIALE, the French state-owned aerospace group, announced yesterday a \$350m (£196m) order from the French TAT regional airline for 30 new ATR 72 turboprop commuter aircraft jointly developed by the French state group and Aeritalia, the Italian state

aerospace manufacturer. The contract signed in Paris includes 20 firm orders and 10 options for the new 74-seat aircraft. Aerospatiale said TAT was also considering taking eight options for the smaller ATR 42 version of the aircraft. Mr Henri Martre, Aerospa-tiale's chairman, said the TAT order was the biggest European order so far for the new aircraft, bringing total orders and options for the ATR pro-

gramme to more than 300.

Aerospatiale and TAT also announced yesterday plans to form a joint aircraft leasing company with a French bank ing partner to lease and oper-ate commuter aircraft throughout the world. TAT said it also wanted to develop its European regional airline network over the next few

Aerospatiale said its longerterm target was to secure a 30 per cent share of the world commuter aircraft market by the year 2005. This market was expected to involve about 3,000 new aircraft by 2005.

US-Swiss waste system contract

By John Wicks in Zurich

THE Swiss Bühler group, of Uzwil, is to deliver waste-processing systems worth a total of \$400m (£220m) to the Whee-labrator Technologies of the

US over a 10-year period.

The agreement, which fore-sees the formation of a joint sees the formation of a joint venture, involves the supply by Bühler of waste sorters, recycling systems and com-posting plants for installation in the US.

The first delivery is to take

place next year. The two com-panies, both of them leading makers of waste-treatment facilities, are also to co-operate in technical development.

Aerospatiale | Record Chinese joint ventures approved

By John Elliott in Peking

WORLD TRADE NEWS

A RECORD number of over 3,100 foreign industrial collaborations were approved in the first nine months of this year by the Chinese Government. More than half involved joint ventures with foreign equity stakes, usually of 50 per cent of

This demonstration of interest by foreign companies is a big achievement by China, which has introduced measures during the past two years to try to overcome widespread international disillu-

Foreign companies operating ioint ventures are still experiencing hold-ups in the supply of raw materials and frustration with the country's bureaucracy. But there is general agreement that conditions have improved significantly, especially on arrangements for them to have access to foreign exchange to fund their capital

investment potential.

other supplies. The 3,100 figure, which covsonment about the country's ers the January-September project approvals each in the

and expenditure and cost of

specialist components and

period this year, exceeds the 3,069 approvals for the whole of 1985 which was the highest since the country started opening up its economy in 1978-79. The total dropped to 1,492 in 1986 and 2,233 last year, according to figures from the Ministry of Foreign Economic Rela-

tions and Trade. Most of the projects have overseas Chinese living in Hong Kong and Macao as part-ners. US and Japanese companies lead the list of fully for-eign investments with about 85

January-June period, the latest for which a detailed breakdown is available. This compares with a much higher total of 1,690 for overseas Chinese

from Hong Kong and Macao. Of the figure of 2,109 for January-June, there were 1,373 joint ventures with foreign companies taking partial equity stakes, and 46 with foreign companies taking a full 100 per cent interest. This is a marked increase over the total for all 1987 of 1,395 partial equity stakes and 46 fully-

Boom in Sino-Soviet border trade

Steven Butler in Urumqi looks at growing economic co-operation

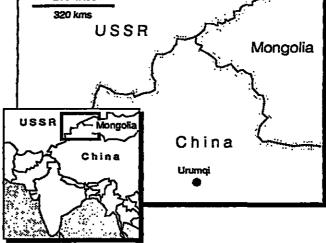
IRECT TRADE between the central Asian regions of China and the Soviet Union has grown explosively this year in response to a warming of bilateral relations and, more impor-tantly, a decentralisation of their foreign trade systems.

Foreign trade officials in China's Xinjiang Uygur auton-omous region, which covers an area three times the size of France on China's north-west frontier, say that direct crossborder trade negotiated by local authorities this year has already surpassed SFr100m (£37.7m) in value, compared to SFr21m for the whole of 1987. In addition, contracts worth SFr200m have already been

signed this year. Trade between the border regions is not a new phenome-non. Before the Chinese revolution, the Xinjiang economy was closely integrated with that of the Soviet central Asian republics and this continued into the 1950s. But following the Sino-Soviet split at the end of the 1950s, trade links were

abruptly severed. In the current boom, goods are exchanged on a barter basis, with nominal prices negotiated in Swiss francs. The trade is balanced, although contracted Soviet deliveries to China are currently running ahead of Chinese sales to the USSR

The imbalance reflects in part the enthusiasm of the Soviet side, which has offered to increase its supply of goods rapidly to SFr5bn. Xinjiang, however, is unable to absorb trade on this scale.



Negotiations to develop the trade further and to establish joint ventures and other co-operative projects have none the less been proceeding at a fre-

netic pace. Song He-Lin, deputy man-ager of Xinjiang's local export and import corporation, says he recently stayed up for three nights in a row while negotiating with a visiting Soviet delegation. Fifty-four joint venture and co-operative development projects are currently under discussion. "There are so many projects now that I cannot keep them straight," Song says. "If you come here next year we'll be discussing a thou-

The pattern is reflected on the other side of the border. Xinjiang autonomous region currently has ten trade-related delegations in the Soviet Union

discussing various projects.

Trade between the two nations is dominated by manufactured goods on both sides. The Chinese have been buying

goods such as chemical fertil-

iser, steel, vehicles, refrigerators, and other heavy industrial goods. Around 70 per cent of Chinese deliveries consist of tex-tiles and clothing. The balance is made up by shoes, leather goods, vacuum bottles, and

other consumer products. These locally produced consumer goods are popular in the Soviet border region, which is populated by central Asian peoples who are culturally similar to the minority groups on the Chinese side.

Two co-operative investment projects are in the final stages of negotiation. In one, the Soviets will provide 5,000 spindles

for the expansion of a woollen goods plant and receive repay-ment in products from the factory. Another involves renova-

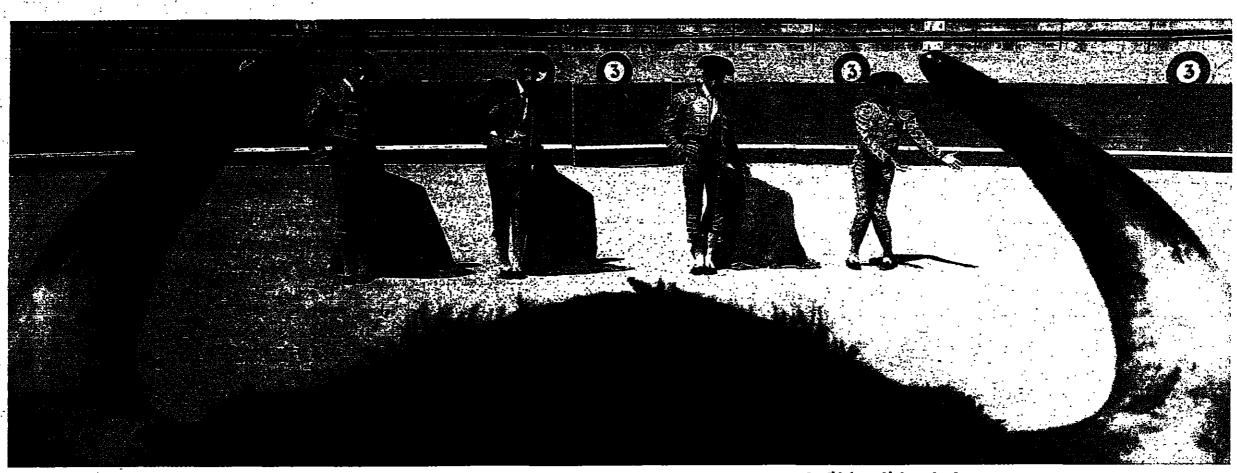
tion of a cotton textile factory. The two sides are also discussing alternate plans to relieve Xinjiang's shortage of electricity. One scheme would involve Chinese purchases of electricity direct from the Soviets, with 500 megawatts mentioned as a tentative figure. Another would involve Soviet investment in a coal-fired generating plant in Xinjiang, which would be able to utilise the rich coal resources of the province

Despite local interest in the direct purchase of Soviet electricity, however, officials of China's Energy Ministry in Peking frown on the idea. although they would not object to direct import of Soviet gen-

erating equipment. Despite the boom in bilateral trade, there are limits to its growth. In particular, trade is constrained by transportation bottlenecks, with goods now taken across the border by truck.

In an attempt to alleviate this constraint, a railroad line from Urumqi to the north-west, crossing the Soviet border at the Ala mountain pass, is scheduled for completion in

In August, both governments approved in principle a Soviet loan to finance the construction, although details have yet to be finalised. The Chinese also hope the rail link will provide a more economic route to transport goods to European



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Guess who didn't send it by Federai Express.

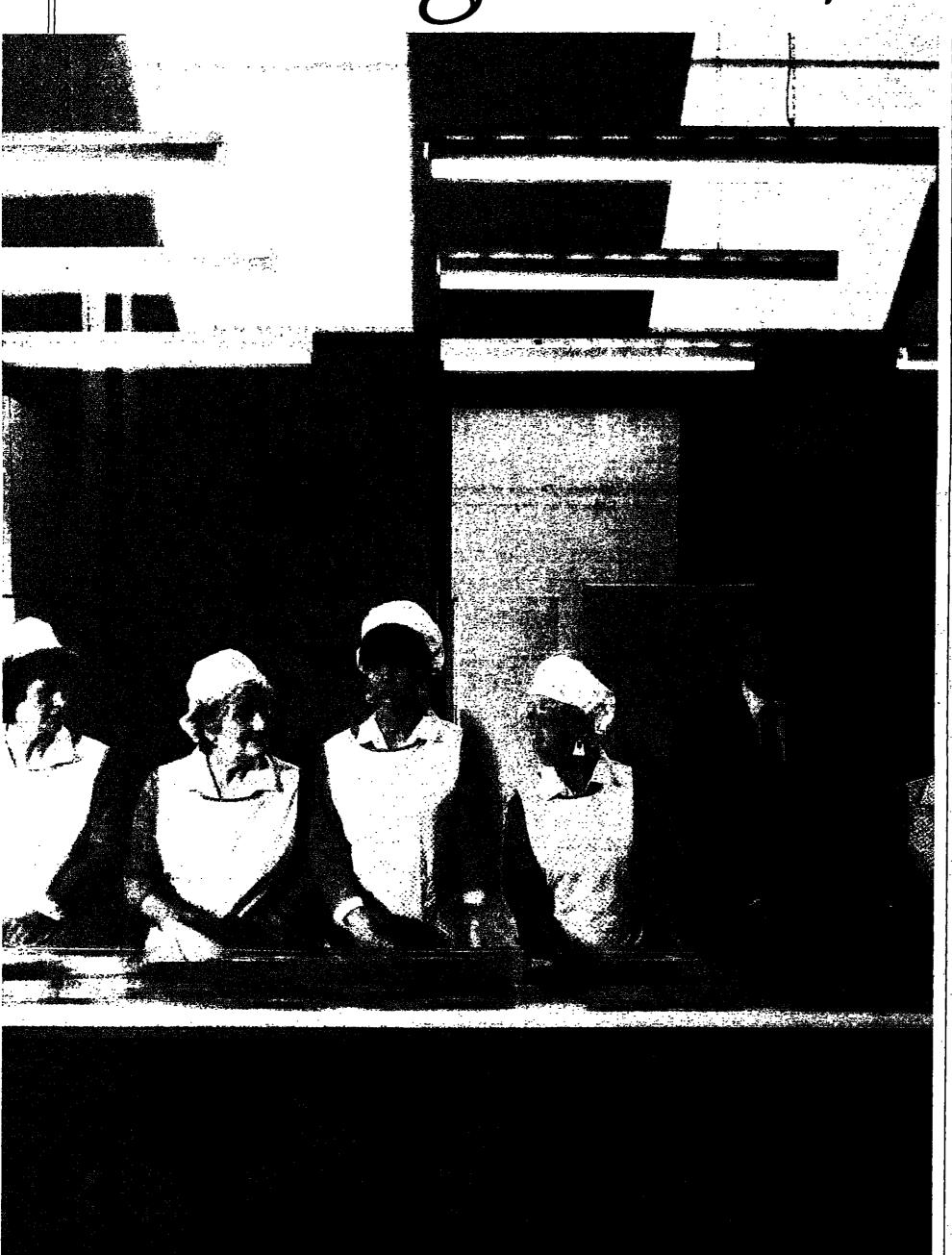


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THE THOROUGHBRED BANK.

OVERSEAS NEWS

Japanese trade surplus rises for second month

By Stefan Wagstyl in Tokyo

JAPAN'S trade surplus grew last month, increasing the diffi-culties faced by leading indus-trialised countries in reducing

trialised countries in reducing worldwide imbalances.

On a seasonally-adjusted basis, last month's merchandise trade surplus at \$7.2bn was \$1.1bn higher than in September – the second monthly increase in succession. Also, on an unadjusted basis, the surplus was \$7.7bn, 13 per cent higher than in October 1987, according to customs figures published yesterday.

Some economists argued

Some economists argued these increases show that Japan's surplus cannot be expected to fall much further in the short-term, since Japa-nese exporters had learnt to cope with the yen at present

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mist at Jardine Fleming, said:
"This may not quite be the end
of the adjustment process, but there is further adjustment it there is former adjustment it's going to be too slow. . . Congressmen in the US are going to look at these figures and say 'Hey, this isn't the direction things are supposed to be going."

But other analysts said the break in the steady decline in Japan's export surplus, seen

Japan's export surplus, seen

earlier this year, was only temporary. Exports in October were 13.2

per cent up on last year at \$23.4bn, while imports were also 13.2 per cent higher at \$15.7bn.
The bright spot in the data was the 10th monthly decline in a row in the politically-sensitive surplus with the US. This was \$4.8hn, against 5hn in October 1887. Imports from the

US rose 27.7 per cent against a 7.9 per cent rise in exports. But a surge in exports wid-ened the year-to-year surplus with the European Community. Exports increased 16.3 per cent to \$3.8hn, compared with an 18.6 per cent rise in imports to \$1.80n. This will do nothing to ease trade tensions betwee Japan and Europe, exemplified by a number of anti-dumping suits taken out in Europe this year against Japanese compa-

The fastest regional growth in exports was in South-East Asia, where they rose 25 per cent to \$5.9bm. An unknown, but substantial, part of the increase is accounted for by exports of semi-finished goods which are processed and re-exported to the US and to

Australia increases key interest rate

THE Australian Government, in a pre-emptive bid to keep key inflation and balance of payments targets within reach, has acted to curb buoyant domestic demand through a deliberate tightening of mone-

days, the Reserve Bank yesterday lifted its rediscount rate, the penalty rate charged to financial institutions seeking early resale of Treasury notes. The new rate of 14.8 per cent compares with 14.2 per cent on

lowed the market. The intervention represents the second occasion since October last year that the Govern-ment has moved directly to tighten monetary policy. The first, in April, ended its postcrash easier-money stance and was also prompted by the econ-omy's domestic strength. Mr Paul Keating, the Federal

Treasurer, telegraphed official intentions on Tuesday, when he told parliament the Government would continue to stop demand running too rapidly, by keeping public spending

Mr Keating is concerned about the persistently high level of residential housing approvals, now running at a record rate, and by the growth in motor vehicle registrations. Job vacancies and employment levels are up sharply, and the trend level of unemployment has fallen to 6.9 per cent compared to 8 per cent a year ago. On the other hand, it is clear that the economy's continued growth is not coming from pri-vate consumption — retail sales fell in July and August — or the public sector, where spending remains on a falling trend in real terms. The buoy-ancy lies more in investment,

in manufacturing and services as well as housing.
One political problem arising from the latest move is a rise in sensitive home lending rates. The National Australia Bank and the ANZ have already lifted their rates, but the other two leading trading banks - Westpac and the Commonwealth - are holding their rates at 14.5 per cent in a bid

Another consequence is a boost for the Australian dollar on the foreign exchanges, where it has already gained ground this year because Australia is a leading commodity producer, and key minerals and crops currently command

Scandal tarnishes Takeshita's anniversary

Ian Rodger assesses the progress of Japan's Prime Minister after one year in office

gains from their sales.

the source based on estimated

Capital gains from the sale of shares which were pur-chased within three years before the stock was listed will be subject to a 20 per cent tax

rate plus a 6 per cent resident tax, as stipulated in the origi-

However, gains from sales of shares which were purchased

more than three years before the stock was listed, known as

founders' profits, will be subject to a 10 per cent tax plus a

per cent resident tax, the

THERE have been no celebrations over the past few days to mark the first anniversary of the Japa-nese Government led by Mr Noboru Takeshita. No reason has been given for

this uncustomary abstinence, but the atmosphere in Japan's political world is rather unfavourable, to say the least. The storm caused by the Recruit Cosmos share dealing scandal continues to gather strength, and an increasing number of politicians, both in the ruling Liberal Democratic Party (LDP) and the opposition par-ties, are getting caught up in

Mr Takeshita himself has been indirectly linked to Recruit, but he has so far managed to maintain his compo-sure and could well emerge from the scandal in a strength-

Recruit apart, analysts in Tokyo say Mr Takeshita is proving more effective than many had expected a year ago, especially on the diplomatic front. He has made nine forays abroad, settled a number of dif ficult trade issues, and intensi-fied Japan's commitment to helping deal with international

However, most of these achievements were mainly administrative. There is little evidence as yet that Mr Takeshita has any personal sense of the momentous political changes occurring in the Far East and in the world in gen-eral or any vision of how Japan could use its economic might to help shape those

sued a similarly worthy, if not particularly uplifting, agenda, concentrating most of his renowned political skills on

Japan's ruling Liberal Democratic Party made some small changes in its proposed capital gains tax when it pushed its tax reforms through a key parliamentary committee, LDP officials said,

Reuter writes from Tokyo.

Under the revisions, investors who purchase pre-listed shares and sell them within one year after the stock is listed will have to report their capital gains to the tax office. The original plan allowed investors to choose to have their capital gains from such securities trades collected at

changes. Now it looks as if Mr Takeshita will succeed in the

next few weeks, and if he does, he will win himself a place in

his country's history, and per-haps even a second two-year

mandate as prime minister. Mr Takeshita came to office

in rather unpromising circum-

stances. His failure to agree with his two rivals on who

should succeed as party chairman (and hence prime minis-

ter), meant that Mr Nakasone,

the Premier at the time, had to

intervene. As a result, it looked

as if Mr Takeshita would be

little more than the poodle of his strong-minded predecessor.

has seldom been heard from, while Mr Takeshita, who leads

the largest LDP faction, has

ruled with quiet assurance,

suggesting there was more to him than he was letting on.

In the event, Mr Nakasone

officials said. His approach to tax reform reflects the same tendency. He carefully and quietly built up support within the Cabinet and shepherding through the legislative process an overhaul of the country's tax system. Tax reform has been on Japan's legislative agenda for nearly a decade, with two preamong LDP Diet (parliament) members for the reform, pointvious administrations having tried, and failed, to implement ing out in particular that while it would hurt some of the

> urban support. However, in the view of some, the Recruit affair could upset Mr Takeshita's careful planning. The scandal has developed steadily following revelations in June that a few business leaders and politi-cians, including aides to Mr Takeshita and other cabinet members, made a killing two years ago by buying shares of a property company, Recruit Cosmos, before it was floated on the stock market and then selling them after the flotation

LDP's traditional supporters, especially farmers, it would help consolidate the LDP's

at a huge profit. So far, political leaders, including Mr Takeshita, have denied any knowledge of the transactions, but every day, it seems, more and more damag-ing details emerge from the

many investigations now under way. Yesterday, there were allegations that a distant relative of the prime minister was among those given a spe-cial opportunity to buy Recruit

Despite the visibility of the scandal. Mr Takeshita has managed to push ahead with the tax plan in the Diet, keeping his own party in line and, until yesterday, at least one of the opposition parties too. Even though the LDP has a majority in the Diet, it is con-sidered had form to pass legis-lation without the support of at least one opposition party.

least one opposition party.

Yesterday, however, the
Government lost patience with
the opposition parties' delaying
tactics and, amidst rowdy
scenes, forced its tax bills
through a Diet committee.

Me Takeshita usually the

Mr Takeshita, usually the most cautious of men, appears to be betting that the public is more fed up with the Opposi-tion than with the tax reform. He may also be worried that the emperor's failing health could take away some of the little time left within his tight timetable. In any event, he is now expected to force the tax bills through the Diet itself within the next few weeks.

Mr Takeshita's personal position looks stronger than it was a few months ago, although this is mainly because that of his main rivals looks worse. The row during the summer between LDP factions over selecting a candidate for a pro-vincial election has considerably damaged the reputation of Mr Shintaro Abe, the LDP sec-

retary-general.
Mr Kiichi Miyazawa, the finance minister and Mr Takeshita's other main rival, has been hadly hurt by the Recruit scandal, being the only leading



Takeshita: steady progress politician whose own name has appeared on lists of those having bought shares.

It remains to be seen if Mr Takeshita can weather the Recruit scandal and complete the tax reform. But if he does his next ambition is along the same lines as tax reform, worthy but unexciting.

He seeks to stop the concentration of economic activity in Tokyo and revitalise Japan's flagging regions. A small-town native himself, he has long talked about revitalising what he calls the "furusato", the villages of the country, seeing this as a way of strengthening social bonds as well.

It is not the sort of theme that is going to make Mr Takeshita a world statesman but at the moment, it seems to be what the Japanese people want. According to a recent poll, many Japanese people like Mr Takeshita precisely because he is so much like

Taiwan eases limits on share-price movements

By Bob King in Talpei

TAIWAN'S Securities and Exchange Commission yesterday said that from next Monday it would raise upper and lower limits on share-price movements from 3 per cent to 5 per cent a day, and will peg the percentage of share pur-chases that may be covered by margin loans to the level of the

market index.
The increase in ceiling and floor price limits, under which trading in a stock is suspended on any given day once the lim-its have been reached, means that prices will be able to move more widely in response to pressure of buying and selling.

Some economists had recom mended that the SEC entirely do away with the upper and lower limits, arguing that prices would thus be allowed to reach levels consistent with the shares' true value. But Taiwan's conservative planners are not yet prepared to drop the leash completely.

The second change - varying allowable margins - should in theory help cool off the market when prices become dangerously inflated, and provide incentives when the index is depressed.

For instance, the percentage of share prices that may be covered by such loans will rise to 70 per cent for blue-chips when the index falls below 2,700 points; above 10,200 points, no margin buying will be allowed. At yesterday's index of 6,604, the margin rate, according to the SEC formula, stands at 50 per cent for bluechips and 40 per cent for sec-

By Chris Sherwell in Sydney

tary policy.

For the second time in two

Wednesday morning and 12.5 per cent three months ago. The rises have come in a series of jumps, but this week's move was unusual in that the Bank clearly led rather than fol-

tight and by also keeping mon-etary policy appropriately tight".

Taiwanese urged to aid Chinese disaster victims

By Bob King

FOR THE first time since its defeat by the communists in 1949, Taiwan's ruling Nationalist Party has called on party members and the gen-eral public to aid victims of a natural disaster in

The party's central commit-tee asked "all party members and sectors of society to make donations of money, food, medicine, and clothing, which will be forwarded to the earthquake-struck region through the International Red

The statement referred to the November 6 earthquake in southern Yunnan Province which so far has killed more than 900 people and left thousands more injured or home-

The party's offer of aid reflects an increasingly realis-tic attitude toward Taiwan's former arch-enemy, in which detente and the finding of grounds for weigh the Nationalists' former confrontational

THE VOICE OF SOUTH AFRICAN BUSINESS

Importance of good industrial relations fully recognised

Johannes Moolman, Managing Director of Federale Volksbeleggings Ltd talks to John Spira, Finance Editor of the Johannesburg Sunday Star.

Spirac Rederale Volksbeleggings is one of South Afri-ca's largest industrial conglomerates. What are its main

Moolman: In 1990 Federale will be 50 years' old. It was formed as an investment trust in 1940 but since then has evolved into a diversified conglomerate. In the past three years in particular, it has been reshaped with a much stronger focus on consumer markets - the sector we have identified as the one in which we most wish to operate. Within this sphere, we've concentrated on industries where we believe the greatest growth lies, the food, pharmaceutical and services businesses being good examples.

We believe that if you want to be in the consumer industry, you need strong trade marks and that's why we've gone for household names such as Firestone, Table Top, Simba, Avis and Telefunken.

There are some 33 000 employees in the group and sales this year will exceed R3 billion. Major shareholder in Federale is Sanlam, South Africa's second largest life assurance group, which has always had a controlling stake in Federale. After our current R100 million rights issue, Sanlam will hold around 60% of the shares.

Spira: With 33 000 employees, obviously of varying skills and backgrounds, your industrial relations strategy must be a crucial part of your business operations. What is Rederale's approach to this issue

Moolman: We have to accept the existence of the trade unions. We work closely with the unions in a relationship essentially guided by the recognition agreements we have negotiated with them. However, we believe that as the owner of our assets, we also have certain rights as to how we manage those assets. For this reason, we must have reasonable acceptance by both parties (management and labour) of the manner in which our companies are

We also recognise that quite a number of our unions are still going through a learning curve. At the same time, the supervisory level of our businesses is also going through a learning curve. Having recognised that, I believe we have been able to respond more constructively to the immense ures that are sometimes experienced on the shop floor. I'm not suggesting that we haven't had problems; but we recognise that there's a learning process involved.

Another important issue is to appreciate that, as an employer, we do have the right of speaking directly to our people. There are certain issues that must be addressed in this way — in consultation with the unions. But I don't think we should abdicate the right of speaking to our people directly. This has also been accepted by the unions.

Spira: What is Federale's attitude towards equal opportunity?

Mookman: We approach equal opportunity by trying to extrapolate the manpower situation to the year 2020. We come up with one answer: there is just not going to be enough management available to run our business — let alone the country's businesses — by the year 2020. It is for this reason we have opted for a strong programme aimed at determining how best to develop our workforce, as well as those wito we shall still bring into the company, in the

I therefore believe that our equal opportunity programme is not based on racial criteria but rather on the qualities that we can develop in our people. Whether they are minority or majority groups matters not. Ultimately we are examining the best ways of developing management expertise within the South African community.

Although Federale was created by Afrikaners, we are one of a few truly South African companies. We have a total cross-section of the language groups, with probably more English-speaking than Afrikaans-speaking executives. Having said that, I can confidently state that we are a broadly based South African company and we can therefore go for the total populace and develop management skills across the full population spectrum.

I believe that, especially on the industrial relations front, we must work harder at getting our industrial relations peo-ple to speak at least one black language. For, the one major problem that we still have on the shop floor is a lack of understanding. I've personally witnessed instances of whites being able to address blacks in their own language and this has made a vast difference. It might be a dream but I am convinced we have to go for a policy where our white supervisors need to know at least one black language.

Spira: Does Federale have a formal training brokramme;

Mookman: Not from a corporate standpoint, because we have a small head office, where we do no more than coordinate manpower activities. But within the subsidiary companies we have ongoing programmes — not only for training but also for education. Unfortunately, some of our staff is virtually illiterate, with the result that in order for these people to benefit from the training programmes, they must first receive the necessary basic education.

In assessing our black workforce, it is essential to be aware that the blacks have remarkable loyalty to the companies for which they work. This is illustrated by the countless long-service records of which so many blacks can boast. I believe this is one of South Africa's great strengths a strength which Federale recognises and aims to optimise. Many of these people grew up in an era when there were few opportunities to obtain a formal education. We now take these people by the hand and lead them through the organisation as fast as we can.

So, on a decentralised basis, we have many ongoing training and education programmes, each of which is focased on the various business spheres in which we operate.

Spira: As a broadly-based conglomerate, you clearly need to take a view on the South African economy. How do you see it evolving over the next few years?

Mookman: We are positive on the outlook for the next times years, being our planning phase. But having said that, we must accept that a major restructuring of the economy is bound to take place. Privatisation and deregulation are words that have been bandied about, with apparently no action taken to realise the goals involved. The fact, however, is that at least now we're talking about them, whereas previously they were concepts which were never even mooted. There is now a commitment — not only on the part of government but also in the private sector — that privatisation and deregulation must come about. This is one part

of the prospective restructuring process. There is also the restructuring that is, of necessity, taking place as a result of sanctions and the debt repayment ramme which is so onerous a part of the sanctions package. These are major factors influencing our economy. Whenever restructuring takes place - whether on a mac-

ro or micro scale — a lot of instability and upheaval results. One of the major challenges which we see as managers of our businesses is to not only assess that volatility but to manage and handle it.

I hope that in the next three to five years much of this volatility will have abated. Looking further ahead, it should be appreciated that we have a growing population with evergrowing needs. They have started participating in a First World culture and economy and they have taken to it to such an extent that they wouldn't like to move back. Given



the improved quality of life needs of this growing population, the local economy is bound to grow.

As far as South Africa's exports are concerned, it is tragic that we find ourselves in a more competitive position simply because of the weakness of the rand. Yet the fact of the matter is that more and more of our businesses are actively entering the export market — a departure from the past, since, other than in the mining and primary products areas, South Africans have never been great exporters. I'm therefore delighted to note that our exports have been growing, because this is offsetting some of the negative factors on the local economy resulting from the weak rand.

Spira: Do you see the sanctions and disinvestment pressures easing off in the years ahead?

Moolman: Clearly, it's been difficult for foreign governments to accept apartheid. And it's been a great deal more difficult for them to understand it. However, we have moved ay — substantially — from certain fundamental apartheid policies and I have no doubt that we shall move yet further away from apartheid, because we cannot have an equal and just society under such a system. For that reason we must ensure that overseas decision-makers be made to understand the direction and momentum of the changes that are taking place in South Africa.

I honestly believe that as overseas perceptions of South Africa become better, the pressures will abate. At the same time, we need some major breakthroughs on the South African political scene within the next two years. For the next six months or so, the pressures might intensify but thereafter I am convinced we shall succeed in persua the world that meaningful political changes are taking place in South Africa.

Spira: How should South Africa go about the process of convincing the world that these changes are coming

Moohman: On a man-to-man basis. There are only a few bundred political decision-makers and our aim must be to change their views on the basis of direct contact, What would also help a great deal would be to get a united South Africa to speak to the world. Then, too, it would help if our neighbouring states of Southern Africa were to assist us through this traumatic period. Significantly, I have never come across a single foreign

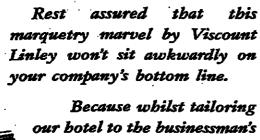
sinessman who has declined to do business with us. Spira: South Africa sells large quantities of foodstuffs to its northern neighbours. Does Federale play a role

Moolman: Yes, though not in vast quantities, because these countries are taking mainly commodity foodstuffs. We are involved mainly in adding value to the primary produce and for that reason we are not great volume exporters to our neighbouring states. We are looking at the possibility of having vegetables produced in Mozambique, where they have an abundance of water and very good soil. We are strong in the frozen vegetable market, so interesting possibilities exist there. However, there is really no reason why Southern Africa should not be self-sufficient in its basic food needs.



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TAJ INTERNATIONAL HOTELS

Debt, death and intrigue on Pacific island

Richard Gourlay, recently in Koror Palau, on the fall-out of a doubtful power deal

HE INVESTIGATIVE arm of the US Congress arrived on the tiny Pacific island of Palau this week to look into a series of intrigues during which the island's president has committed suicide and a New York judge has accused some British banks, led by Morgan Grenfell, of misleading the Palauan Government.

Investigators from the General Accounting Office of the US Congress will concentrate on the role of International Power Systems (IPSECO), a privately-owned British com-pany that went into liquidation in 1986, three years after supplying a \$32.5m power plant to the US-administered Pacific

Trust Territory. In 1985, Palau defaulted on its loans for the plant. It was financed by the international Westminster Bank and County Bank and guaranteed by Morgan Grenfell, the agents for the syndicate, Morgan Guaranty Trust, the Bank of Tokyo, the Bank of Scotland and Orion Royal Bank. The UK Govern-ment's Export Credit Guarantee Department was also involved in negotiations and backed NatWest with a second guarantee. The ECGD says it has not made a loss on the

On August 8 this year, some

rus Salii committed suicide, New York District Court judge, Mr Robert Sweet, ruled in the favour of the guarantor banks that Palau was liable for the debt irrespective of IPSECO's misrepresentation of the project's viability. Unpaid interest has swollen the debt to over

Palau has filed a motion for reconsideration with the district court and plans to appeal if that fails, according to Mr Philip Isaac, Palau's Attorney

In his ruling Judge Sweet said that during a crucial May 1983 meeting in London with Mr Gordon Mochrie, the man-aging director of IPSECO, the guaranteeing banks represented by Morgan Grenfell mis-led Palauan negotiators. He said Mr Mochrie claimed that the banks agreed with IPSE-CO's forecast that the project would be self-financing and that the banks failed to contradict this false statement.
"It (Mochrie's statement)

was not true, and the guarantors failed to state the truth, namely that at best they had no opinion and that at worst they did not agree and were not relying on the project prospects but on the recourse to Palauan funds," Judge Sweet

The Judge said this was

decision to write to the Palauan President to say that their involvement as guarantors did not depend on whether or not the project was self-financing. No such communication was made, the judge said. Lawyers for the guarantor

banks say the fact that the issue is still in litigation precludes them from commenting. However, they point out that the evidence presented to the court about the May 1983 meeting was contradictory.

r Salii was the second elected president of Palau. The first, Mr Hauro Remeliik - whose evidence might have thrown further light on the case as he initiated negotiations with IPS-ECO and was in power when the deal was signed - was assassinated by unknown assailants in 1985.
An investigation by the GAG

earlier this year revealed that after the deal was signed IPS-ECO made unexplained payments to Palauans including \$200,000 to Mr Salii and \$250,000 to his brother the then Speaker of the legislature which had delegated responsibility for the deal to the Presi-

Both the US Interior and the Energy Departments warned Palau officials before the deal loan could not be financed, and that a 16-megawatt generator was too big for the island's

The Department of the Interior will remain responsible for Palau, its 200 islands and its 14,800 inhabitants until a Compact of Free Association is approved by both legislatures giving the islanders independence in everything except security matters.

The results of the GAO investigation could have a bearing on US legislation to implement the compact which will be reintroduced in the next congressional session. An amendment is likely to be introduced before Congress which would significantly improve Palau's ability to service the power plant loan but opposition to changes has been

opposition to changes has been strong in the Senate.

As it is, payment of the loans will make a large dent in the discretionary funds that would be made available under the compact. This is one reason why agreement of the compact is also being held up in Palan. Some Palauans have accused the US of encouraging Palan to take the huge loan in order to force the Palauans to accept the compact the US is anxious. to see in place. The compact gives the US the option to develop military bases. State Department officials say the

immediate goal is "strategic denial" of Soviet access to the islands. An anti-nuclear lobby in Palau has been instrumental in blocking local approval of the compact

Before IPSECO started dealing with Palau, Mr Mochrie, whose current whereabouts are unknown, had sold a power plant to the Marshall Islands, in which Morgan Grenfell played a role in financing. The Marshall Islands also defaulted on the loans but subsequently

rescheduled with the banks.
The Compact of Free Association negotiated with Palau, the ivederated States of Microsia and the Marshall Islands calls on the US to make a lump sum payment into a trust fund in the first year. Accumulated interest and this lump sum are supposed to replace US pay-ments after the 15th year when Washington stops paying under the compact.
However the Marshall

Islands' renegotiation with the banks calls for interest payments to be made from the interest accruing on the trust funds that were originally des-tined to build up the country's nest egg. Should Palau adopt a similar approach it would be politically controversial in Palan and might fuel opposi-tion in the US Senate where there has been strong opposi-tion to bailing out the banks.

Extremists' action brings Sri Lanka to a standstill

SRI LANKA was brought to an in a demonstration of strength by the extremist People's Lib-eration Front (JVP) that makes the holding of a meaningful presidential election increasingly unlikely.

Factories, shops, restaurants, banks and public transport were brought to a halt across the country after threats by the Sinhalese extremist movement that those who disobeyed would be killed. The total shutdown made a mockery of orders broadcast by the Government the night before for workers in essential

services to return to work.

Underlining still further the breakdown of law and order, the JVP organised jail breaks from at least two prisons in the north and south, with JVP members among those who escaped with weapons. The Government declared an all-day curiew in Anuradhap-

ura, an ancient capital and tourist centre in the north. Senior ministers openly described the situation as "very serious". They feel they have no choice but to go ahead wih the election while recognising that JVP intimidation could rob the campaign and the vote of all validity. The



Premadasa: security support JVP has called for a boycott of

the elections. Yesterday's demonstration of force by the movement was timed to coincide with the filing of nomination papers for the election due to be held on December 19. Mr danasinghe Premadasa, the Prime Minister and candidate of the ruling United National Party, and Mrs Sirimavo Bandaranaike, a for-mer prime minister and candidate of the opposition Sri Lanka Freedom Farty, handed in their papers at Colombo town hall which had been turned into an armed fortress for the occasion.

Though the JVP brought the country to an economic halt.

the Government's success in preventing demonstrations shows that the movement is still far from toppling the

regime.
The Government itself is deeply divided on how to handle the situation. Some ministers favour the dissolution of Parliament and the setting up of a neutral caretaker govern-ment in an effort to defuse the including Mr Premadasa, want the Government to remain in office so that the party will benefit from the support of the security apparatus during the

Both the jail break yes and a weapons seizure from an army camp last week show that the police and armed forces are being increasingly infitrated by JVP members. Normally thriving coastal

resorts south of Colombo such as Bentota and Beruwala were like ghost towns yesterday. The hotels which earlier in the week were thronged with foreign tourists were completely shut down. The JVP had hung notices on their gates calling for the overthrow of the Government, the doubling of workers' salaries and the eviction of Indian forces from the

13 days before President Lazadespite the banks' previous was signed that the IPSECO

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UK and Iran agree to renew diplomatic ties

By Victor Mallet

IRAN AND Britain, after a final round of tortuous negotia-tions in Vienna, signed an agreement in the early hours of yesterday morning to resume normal diplomatic relations and put years of hostility and bitterness behind them.

Sir David Miers of the Brit-ish Foreign Office and his Iranian counterpart. Mr Mah-moud Vaezi, agreed on a formula which will allow the posting of up to 16 diplomats in each other's capitals. Mr Gor-don Pirie will go to Tehran shortly as Britain's interim charge d'affaires, and the two countries are expected to exchange ambassadors within six months if all goes

smoothly.

The proposed resumption of full diplomatic ties was announced at the end of September, but a definitive according to the second sec was in doubt until yesterday. Some Iranian officials were blame for the breakdown in relations, and Iran also wanted to reopen its consulate in Manchester; the agreement does not apportion blame and does not allow Iranian diplomats to be based in Manchester.

Britain has been the only European power without permanent representation in Iran and is anxious to take advantage of any reconstruction boom in the Gulf following the Iran-Iraq ceasefire in August. British Airways says it hopes to resume flights to Tehran next month.

For its part Iran has been improving its relations with the West and with the Gulf states which supported Iraq during the Gulf war. The Ira-

nian Government is seeking to improve its international image and recently restored diplomatic ties with France, Canada and Kuwait.

Mr Ali Akbar Velayati, the Iranian Foreign Minister, said in an interview with the Assoclated Press in Geneva this week that Iran would continue efforts to obtain the release of hostages held by pro-Iranian groups in Lebanon.

He also said he was confident that links with the Gulf states would improve, although he saw no prospec of better relations with the US. Radicals in the Iranian leadership still oppose the idea of normal links with Britain, which has been called the "Lit-tle Satan" because of its US

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Commenting on yesterday's agreement, Sir Geoffrey Howe, the British Foreign Secretary, told BBC radio that the hoshad not be n diemeeri "There's no deal or bargain or secret agenda," he said. But he added: "What this means of course is we shall be able the more effectively to press the case at every opportunity for the Iranians to use all the influence they have got to secure the release of hostages."

The announcement by Iran and Britain in Vienna said the two governments "have two governments "have decided to resume full diplomatic representation with immediate effect based on reciprocity, mutual respect and non-interference in each other's affairs." The last phrase was interpreted by British diplomats as meaning that Iran would not involve itself with

Gandhi in bank denial

By K.K. Sharma in New Delhi

MR RAJIV GANDHI, the Indian Prime Minister, yesterday denied that he had a bank account in Switzerland or any (£3m) in a numbered Swiss other foreign country as alleged by the opposition leader, Mr V.P. Singh, earlier this week.

The opposition leader has alleged these were part of com-

"Let me say very clearly that neither do I have nor have I had any account in Switzerland or anywhere else outside India except when I was a stu-

The opposition leader has alleged these were part of commissions received from the Swedish company Bofors, which signed a \$1.4bm deal for the sale of howitzers to India in 1986.

Bush victory concentrates minds at Namibia talks

By Michael Holman, Africa Editor, in Geneva

WHEN Dr Chester Crocker, the
US Secretary of State for
Africa, convenes the eighth
session of the South-Western
Africa peace talks, due to open
in Geneva today, he will be
carrying, metaphorically
speaking, a two-edged sword.
Mr George Bush's victory in
the US presidential elections
has dashed the hopes of
Angola and Cuba for a Democratic Administration which cratic Administration which would have ended US military aid to Angola's Unita rebel movement, and impose further

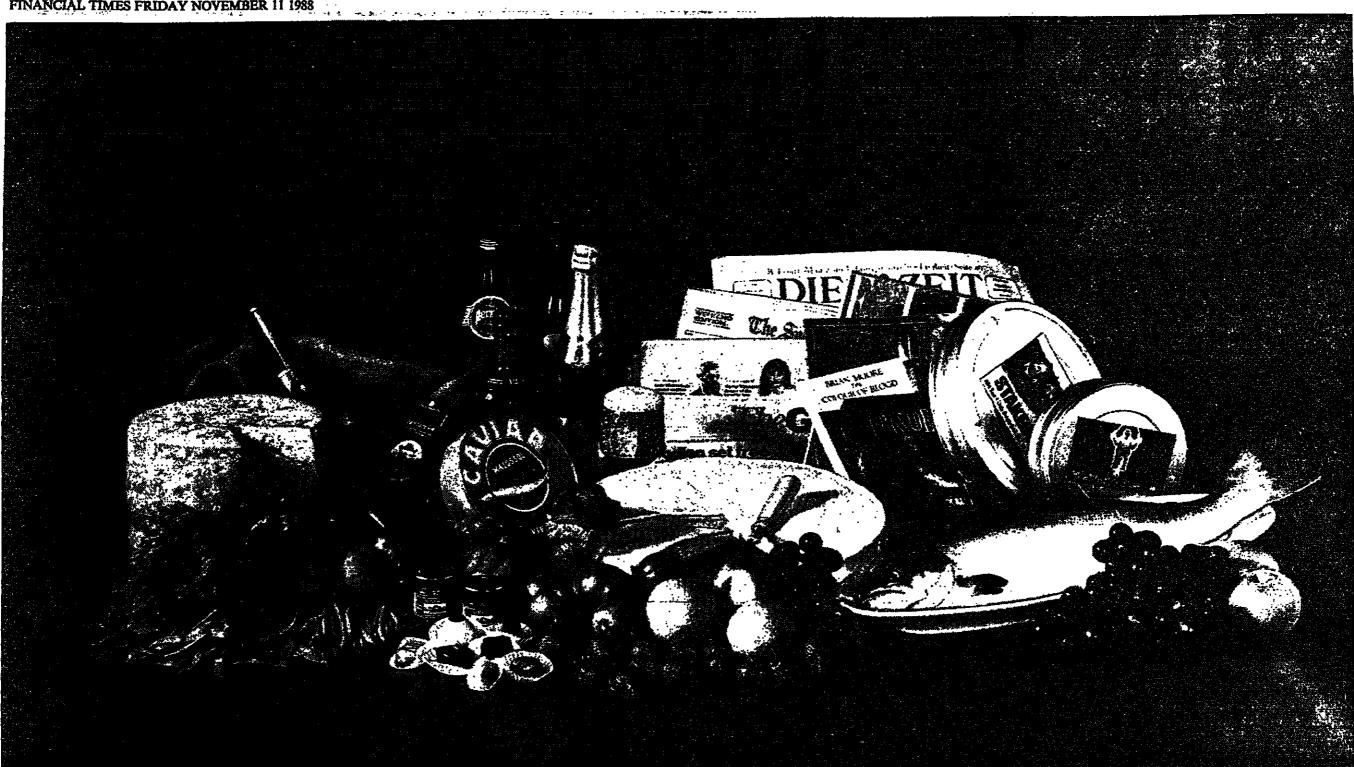
economic sanctions against South Africa. If, as some observers suspect, Luanda and Havana have been counting on a Dukakis victory and dragging their heels over the terms for the withdrawal of 50,000 Cuban troops from Angola in exchange for South Africa ceding Namibia's independence, last Tuesday's Republican tri-

umph will have concentrated their minds. But Dr Crocker is well aware that the sword has another

edge. Pretoria may also have been heel-dragging – and their preferred candidate won. Presi-dent-elect Bush has made it clear that aid to Unita will con-tinue and tougher sanctions are not on the agenda. Might Pretoria may sit tight? Might Pretoria now sit tight?

After all, the negotiations to date have produced a ceasefire and disengagement agreement which allowed South Africa to pull its troops out of southern Angola, including a contingent which were in danger of getting cut off from their escape route, while reinforcing its route, while reinforcing its bases along the Namibian bor-

Some observers believe that Pretoria may be prepared to accept the status quo which leaves them still in control of Namibia. But this status quo might be less favourable to South Africa than it appears at first sight. Over the past year there has been a steady move south by Cuban forces to within a few miles of the Namibian border, their positions reinforced by air cover. reinforced by air cover.



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UK NEWS

THE BANK OF ENGLAND BULLETIN

US action on savings 'a priority'

BUDGET action to boost national savings must be a pri-ority for the next US Administration, the Bank of England said yesterday in its Quarterly Bulletin.

The Bank also said that there are signs of growing labour and cost pressures in the US and that the widest measure of inflation, the GNP deflator, rose markedly in the

second quarter of the year.

"The tightening by the Federal Reserve has helped to contain these inflationary threats but fiscal action to promote bith fiscal action to promote higher national savings must be a high priority for the next Administration," it said.

The Federal Reserve, the US central bank, raised its discount rate by half a percentage point to 6.5 in August and short term US interest rates.

short-term US interest rates also rose before stabilising in The Bank noted the US trade deficit diminished in the first half of this year but said corresponding surpluses in Japan and West Germany had not

fallen as much as hoped.

The UK authorities tight-ened monetary policy sharply over the summer, lifting interest rates to the present 12 per cent from 7% per cent, in an effort to curb the vigorous domestic demand, which has fuelled inflationary pressures and damaged the current count by drawing in imports. Inflation in the year to September was running at 5.9 per cent, partly reflecting higher mortgage rates which have followed the interest rate hikes.

Mr Nigel Lawson, the Chancellor of the Exchequer, forecast in his Autumn Jermanic cast in his Autumn Economic Statement last week that there

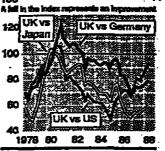
£2.5bn in 1987, narrowing to £11bn in 1989. A period of significantly lower oil prices would improve the terms of trade in most major economies and boost growth, the Bank said.

would be a current account deficit of £13bn for 1988, com-

pared with a shortfall of only

however, suggests that the ini-tial impact might be contrac-

Deterioration in UK Competitiveness Relative unit labour costs 1980 -



oil-exporters reined back on imports more quickly than those who benefited expanded

their spending," it added.

The Bank of England forecast world growth would slow
in 1989 and 1990 as tighter monetary policies, and in some cases tighter fiscal policies, take effect. Consumer price inflation though, should be

ing further to peak some time in mid-1988, possibly as high as 7 per cent, before falling back; to around 5 per cent by the fourth quarter next year.

Looking at the response of the country was a supply to the country to the countr

money supply measures to the tighter policy, the Bank of England said: "The monstary statistics show as yet no sign of deceleration." It noted the M0 narrow

money aggregate, mainly notes and coins in circulation, continued to grow rapidly in the three months to September.

three months to September.

The Bank said the excessive pace of demand, if allowed to persist, would have serious inflationary consequences.

Strong productivity growth has so far curbed any significant acceleration in unit wage costs. "As raw materials prices have also product the metric." have also receded, the contin-ued rise in manufacturers' output prices is probably a reflec-tion of a further widening of profit margins in the face of buoyant demand," the Bank

Warning of danger posed by surpluses

THE Bank of England warned petierday that the absence of a big fall in the Japanese and West German current account surpluses so far this year posed dangers for the world scon-

"If these surpluses persist, world growth might slow as countries with rising deficits, the UK among others, take action to restrain demand," it

The Bank also urged the newly elected Bush Administration to take fiscal action to promote a higher level of savings in the US economy to reduce the huge budget and current account deficits.

that growth in Britain's six biggest trading partners would slow to an average of 2.8 per cent next year and 2.4 per cent in 1990 after reaching 4 per cent this year. It said that the 1988 growth level forecast for

the US, Japan. West Germany, France, Italy and Canada at a group was more than one percentage point higher than had been suggested in spring.

The Bank said, however, that activity in these big industrial economies appeared to

that activity in these big industrial economies appeared to slow in the middle of this year from rapid rates achieved in late 1987 and early 1988.

This process was aided by tighter monetary policies in most countries as the authorities acted to forestall inflation.

The Bank said the main element in the stronger than avancted performance of

expected performance of Britain's trading partners had been a surge in business investment. Such investment could increase by 12 per cent this year, it added.

The average performance forecast for the six economies this year is somewhat lower than that forecast by the Gov-ernment for Britain last week.

Monetary, fiscal policy reins must 'stay until inflation abates'

By Peter Norman, Economics Correspondent

MONETARY AND fiscal policy in Britain will need to remain restrictive until there are clear signs that inflationary pres-sures are abating, the Bank of

England warned yesterday.

The Bank said that it was too early to be sure that the tightening of policy over the summer would prove sufficient to restore the economy to a sustainable path.

The Bank's view of underlying inflation in the British economy appeared rather more gloomy than that of the Government. Its report said that the excessive pace of domestic demand would have serious

Banks see

low reward

in student

loans plan

GOVERNMENT plans to introduce student loans ran

into a hostile reception yester-day from UK bankers who will

scheme as outlined in Wednes-day's White Paper (policy docu-ment) presented by Mr Ken-neth Baker, the Education

"You could say that the banks are not exactly jumping up and down with delight at

this," said a spokesman for the Committee of London and Scot-tish Bankers, the clearing banks trade association.

The building societies, who will also have a hand in the scheme, are unhappy about it too because they do not wish

to be associated with what

they perceive to be its short-

"We shall be working with the Government on the

scheme. But our initial reac-tion is that it is very compli-

achieve," said Mr Mark Boleat, director-general of the Building

Societies Association.
They banks maintain that they were not adequately con-

sulted before the proposals were put together.
Although the Government

has been mulling the student

loan idea for several years, there was only one meeting between the banks and the Department of Education and Science at which, bankers say,

they were given little idea of what the Government had in

Bankers are also opposed to the manner in which the scheme will be run.

The Government will make the loans itself, but will pay the banks to administer them,

probably on the basis of competitive tendering.

Banks are worried that this will put them in the invidious position of having to deal with

student borrowers without

gaining any loan business in the process, or being able to apply any credit judgments. One senior clearing banker said a bank might find itself in the position of having to

advance a loan to a student who was was already on its default register because of failure to repay an earlier loan. Bankers were also worried about who would have responsibility for chasing defaulters. The student loan market is a particularly sensitive one for banks because it represents the source of future business, and is currently a highly competi-tive segment of their industry. Bankers are unlikely to press their objections to the point where they scupper the scheme. But they made it clear yesterday that there would have to be a substantially greater reward for them than

was apparent from the White

Britain follows, Page 14

Several banks said th reluctant to support the

By David Lascelles,

Banking Editor

Secretary.

inflationary consequences if allowed to persist. Painting an ideal scenario for dampening Britain's boom-

ing domestic demand, the Bank said some narrowing of profit margins, smaller pay rises and exchange rate stabil-ity "would all be features of the most favourable case". It said output growth would have to fall, but more slowly than domestic demand. Such a development would both help contain unit costs and divert production to export markets.

Pinning much of its hopes on recent rises in mortgage rates, the Bank noted that recent

rises in the rates of interest charged on home loans would raise the outgoings of borrow-ers and leave them less to spend on other things.

It pointed out that personal sector debt currently stands at around \$250bn, of which around 80 per cent is accounted for by mortgages. Although higher interest rates will boost the income of those households with variable-rate financial assets, these are estimated at only £200bn.
The Bank made clear that it

also would welcome a signifi-cant cooling in the housing

The Bank warned that too sharp a slowdown in censump-tion could cause problems if this curtailed investment. However, it said that the recent rise in short-term interest rates was not expected to have a significant direct effect on investment spending.
The Bank said that the

underlying annual rate of infla-tion in Britain, after stripping out the effects of increased mortgage interest rates in the retail price index, had already risen above 5 per cent.

The Treasury, in its recent Autumn Statement, spoke of underlying inflation at 5 per cent in the final quarter of this year while Mr Nigel Lawson, the Chancellor of the Exchequer, said this week that underlying inflation in Britain had averaged between 4.5 per cant and 4.75 per cent in recent

The Bank said that the effects of excessive domestic demand had become apparent in this year's dramatic deterioration of Britain's current account balance of payments. The Bank shares the Treasury's view that the current account deficit could reach £13bn in 1988, falling to around £11bn next year.

The report said that the danger of excessive demand spliting into inflationary pressure was most visible in the labour market. It said that the reces acceleration in the growth of average carnings to an annua rate of 9.25 per cent was due mainly to an increase in wage settlements which had picked

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up since the spring.
It predicted that wage drift - the gap between average earnings growth and settle-ments - would stay at about 2 per cent and be unlikely to full even if output in the economy slowed from its recent very

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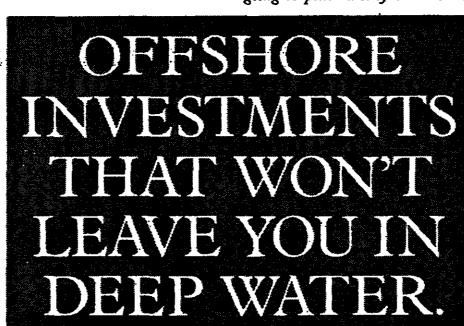
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UK NEWS

Too little regard for safety on London Underground, report says

Managers accused over fire deaths

LONDON UNDERGROUND managers regarded fires as an occupational hazard, and the occupational hazard, and the transport authority gave more attention to economy and efficiency than to safety, Mr Desmond Fermell QC says in his report yesterday into the fire at King's Cross railway station, London, last year, in which 31 people died.

Mr Tony Ridley, chairman of the London Underground and Sir Keith Bright, chairman of London Regional Transport.

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London Regional Transport, both resigned shortly before the report was published.

the report was published.

The report was highly critical of the management and organisation of both London Underground and London Regional Transport. There was also criticism of the indepen-dent Railway Inspectorate and the London Fire Brigade. How-ever, Mr Fennell says there is no evidence that cuts in LRT subsidies and staffing contrib-

uted to the disaster.

The report says the fire was caused by smokers' materials dropped on to grease and dirt below a wooden-clad escalator. The "flashover" which caused the deaths, mostly in the sta-tion ticket hall, was caused by a hitherto unknown phenomenon called the "trench effect". Mr Fennell says there was no efficient control of staff by London Underground supervis-



Paul Channon at a press conference after the fire report

ers when the fire broke out just after the evening rush hour on November 18 last year. No-one knew who was in charge, communications were poor, there was no evacuation plan, and there was no evacuation plan, and there was a general failure to appreciate the sever-ity of the disaster. Staff did not use fire extinguishers, and waterfogging equipment was not turned on.

"While the actions of individ-

the underground system and a serious fire every two weeks. Mr Channon rejected Labour accusations that LRT had been obliged by the government to put financial targets before safety and he accused the opposition of trying to make political capital out of the trag-edy. There was nothing in the report, he claimed, which justi-

ordinated, haphazard and untrained, he says. Mr Fennell makes 157 recommendations for action to prevent a repetition of the disas-ter, including the replacement of all wooden escalator parts

and a total ban on tobacco

standable, and in several cases involved presence of mind and

courage, their overall response may be characterised as unco-

sales at Underground stations.

former Transport Secretary,

who was accused of contribut-

ing to the fire by placing LRT in a financial straitjacket.

Transport spokesman, said Mr Channon and his precedessors

had to accept "a great deal of responsibility for the tragedy".

Since the tragedy, Mr Pres-cott claimed, there had been an average four fires a week on

fied his resignation.

He said that, despite the steady decline in subsidies,

annual capital expenditure on

the underground system had doubled in real terms since

1982 and that £226m would be

spent on underground safety alone over the next three

Mr John Prescott, Labour's

MR DESMOND FENNELL, QC, says in his report that the fire on the Underground was noticed at 7.29pm on November 18 last year after the usual 100,000 or so passengers had passed through the station dur-ing the evening rush hour. The alarm was raised by a

passenger, travelling up escalator number four from the Pic-cadilly Line to the main In the House of Commons, there were angry scenes as Labour MPs called repeatedly for the resignation of Mr Paul Channon, the Transport Secre-tary, and Mr Micholas Ridley, a course, who noticed a small

fire underneath a step. Four minutes later, a policeman notified British Transport Police HQ, and by 7.42pm the first fire engine arrived from Soho with Station Officer Colin

Townsley on board.
Meanwhile, at 7.38pm, relief
Underground station inspector Mr Christopher Hayes twice entered the machine room under the escalator, but forgot to turn on the water fogging (sprinkler) machinery because he was preoccupied. At 7.45 pm, as Mr Hayes and

a station inspector were about to leave the machine room they heard a "whoosh" and the crackling sound of fire. This was the flashover, as the fire spread in seconds from the escalator into the ticket hall. On the escalator, PC Stephen

Hanson was trying to get pas-sengers to leave the area when he saw "a jet of flames shoot up from the escalator shaft, hit the ceiling of the ticket hall, and travel along the ceiling

"PC Hanson was caught off balance, crawled back to the Victoria Line escalators, and shouted to passengers to keep low and get out through the ticket hall by the nearest exit.

Staff 'ill-equipped'to meet emergency

Mr Paul Channon, Transport Secretary, said yesterday that Sir Keith Bright, London Regional Transport's chairman, and Dr Tony Ridley, London Underground chair-man, had reached the "right conclusion" in resigning. KEVIN BROWN, Transport Correspondent, examines the findings of the report into the King's Cross fire.

"The heat increased. Flames licked the roof of the ticket hall and swirled towards PC Hanson as he made his escape through the Tube lines ticket hall to the Euston Road south exit, suffering serious injuries as he did so."

It was 1.46am before the fire was finally declared to be out by the London Fire Brigade. By then 31 people had died, including Station Officer Townsley. Mr Fennell says that Mr Haves was unprepared to take charge of the incident. As well as failing to operate the water fogging equipment, he failed to notify the station manager or line controller as soon as he

received the report of the fire.

Those serious omissions may have contributed to the disas-ter. "It is possible that the chain of events was too far advanced for any action on his part to have averted the development of the fire, but it might

have delayed it." However, Mr Fennell empha-sises that no blame for the disaster can be attached to the Underground staff on duty when the fire started.

"In my judgment, none of those who were concerned with evacuating passengers by way of the Victoria Line escalators up to the Tube lines ticket hall are to be blamed for the action they took.

"In the absence of any evacuation plan, they were simply

uation plan, they were simply doing the best they could. There was no reason for them to anticipate the flashover."

Mr Fennell says the Underground staff were "woefully ill equipped to meet the emergency that arose. Those on duty did the best they could, using their common sense in the absence of training and

supervision."
He says the emergency scr-vices were handicapped because: • They were not called imme-

diately:
The fire crews had no detailed knowledge of the station layout;

• The flashover happened within two minutes of the arrival of the first fire engine; The officer in charge of the first appliance was killed and those in charge of two others cut off below ground, after which communications broke

Mr Fennell says the fire brigade could have been called when a separate fire was reported 15 minutes before the

Piccadilly Line escalator fire was noticed.
That fire was extinguished by a member of the Under-ground staff, who acted in accordance with the Under-

ground rule book. Mr Fennell says there was a lack of liaison between the brigade and the Underground staff. One set of plans of the station was hidden behind a temporary hoarding, and another could not be reached

because of dense smoke.

The report says it is surprising that the fire brigade did not attempt to find an alternative entrance to the Under-

ground station. Assistant Chief Fire Officer Albert Kennedy did not make full use of opportunities for liaison with Underground and Metropolitan Police staff, and

opportunities to pass vital information were missed. Mr Fennell rejects both theories put forward by London Regional Transport at the inquiry – that the fire was caused by an arsonist, and that the flashover was caused by a paint manufactured by Prodor-ite, which had been used to coat the ceiling of the escalator

He says the fire was caused by smokers' materials, proba-bly a discarded match, which fell under the escalator.

Markets urged to move under one roof

By Dominique Jackson

A BRITISH minister called yesterday for the unification of London's many diverse commodities, futures and options markets under one roof.

It is the Government's most explicit plea to date for UK financial markets to pool their resources and thus fortify

themselves against increased competition from abroad. "The advantages of depth and liquidity that such an arrangement would bring are so evident that I believe Lon-don cannot afford not to pur-

sue it. This has become urgent because the competition is intensifying daily," Mr Francis Maude, Britain's junior trade minister, told a financial marminister, fold a mancial mar-kets conference in London. Mr Maude has called in the past for closer links between London's my and derivatives markets, but this is the first time that he has publicly arged the markets to work towards physical coloration. He has physical co-location. He has,

idea of a single, integrated

group of exchanges to senior figures in the industry, most of whom are sympathetic to the London houses a particularly wide range of derivatives markets, second in the world only to Chicago. These include the London International Financial Futures Exchange (Liffe), the International Petroleum

Exchange, the London Metals Exchange, London Fox, trading mainly commodity futures, and the London Traded Options Market (LTOM) of the Stock Exchange. All of these exchanges trade diverse prod-ucts and currently occupy dif-ferent premises.

ferent premises. "The idea of a physical meet-ing place for all of these markets is obviously a desirable one and one which we believe is realisable, although it is bound to take some time. We also envisage the integration process happening by stages and not suddenly in some kind of grandiose scheme," said Liffe chief executive Mr Michael Viction

ael Jenkins.

Market participants agree that uniting the exchanges would result in excellent synergy on a broad level and progress is being made in some quarters, including the recent enhanced links between Liffe and the LTOM, which Mr

speech yesterday. However, past efforts to effect closer co-operation have run against a variety of obstacles, not the least of which are problems of standard margin levels and common guarantees, while substantial and costly work would have be done to integrate the several distinct trading systems currently in use in each exchange.



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Rush of activity in Belfast

olice checks on the movement of vehicles into the main shopping streets of Belfast city centre were in place as usual But earlier this week no roops were in evidence - just consumers.

Belfast businessmen are keen to assure visitors that everything in the city is quite normal, bombs notwithstanding – and that most people just get on with living. To the extent that those in work have been taking part in the national consumer spree this is true. To the extent that Belfort has the standard provider. ast has its own buoyant retail property

sector, it is also true.

The English multiples have rediscovered Northern Ireland. The high security in the area meant that there was a delay in following the expansive pattern of the main-land, recalled Kevin Milhench of Lambert Smith Hampton, chartered surveyors. "When The Troubles started in 1969 from then to the mid-1970s - the tendency was for the multiples to leave Northern ireland rather than come - not that there

were many."

This decade, the position has changed. The authorities have made it their policy to ensure that Belfast city centre is the focal district for shopping in the region. Local shopping facilities on the arterial roads into the city have detariorated. roads into the city have deteriorated because of security problems, and so the centre of the town has in any case become

a more important retail destination. In 1984 Marks and Spencer extended its

by British Home Stores and then by C&A,
Littlewoods, Woolworth and Boots.

During the 1970s there was one significant retail development in the city centre.

In 1980 total development activity in the city centre — retail and offices — was market. This phenomenon is not conficuently centre — retail and offices — was the other follows from the land Society across the land Society and the land Society across the l worth about £40m. Now more than that is at stake in one scheme.

John Laing Developments, helped by some Urban Development Grant and com-forted by a Government pre-letting of 170,000 sq ft of office space, is constructing the Castlecourt complex which, in addition to the offices, will have a total 345,000 sq ft of office space. This is a £60m develop-ment, the biggest in the city and is just on the northern edge of the centre. But so far no major department store tenant has been announced.

A smaller complex is being built by Sheraton Caltrust and another, a mixture of small shops, car park and offices, developed by Ewart, the Belfast company, opens next week.

This splurge of activity is not surpris-ing. Like England there has been pressure on retail space and rents have moved accordingly, beckoning the developers. Two years ago, prime pitches attracted £80 per sq ft Zone A. Now they are around £120 and aggressive searchers for space, such as Waterstone's and Etam, have been

paying premiums. (These rents are not immediately comparable with England. In Northern Ireland Zone A covers the first 25 ft from the front What Lambert Smith Hampton call "a consistent record of rental growth" has also been a stimulus to the investment market. This phenomenon is not confined to Belfast. The turning point was probably in 1986 when Land Securities came into the market and paid £10.35m for the Ards shopping centre in Newtownards, County Down. This represented an initial yield of 10.4 per cent

10.4 per cent. This prompted others to make enquiries and this year there has been heightened activity on narrower yields. Woolworth recently completed a series of sale and leaseback deals on five properties, only one of which, in Lisburn near Belfast, was in a prime location. The yield was 8.3 per

The sale of four shopping centres, in Antrim, Ballymena, Londonderry and Por-tadown to a consortium of Brookmount, Hampton Properties and Antrim Newtown Developments by the Department of Envi-ronment was done on a yield of just under 7 per cent. Burton Property Trust has bought a prime Belast city centre property on a yield of 4.8 per cent, although that will widen after reversions.

How long this will go on is not clear. Substantial new developments are planned which will have a marked effect on capacity. "There is a danger of going over the top. I believe we're coming to that situa-

Solving problems at Ewart

the property developer in Northern Ireland is the absence of the institutional buyer. Although the market in retail property has improved, the main players in it are not insurance and pension funds but prop-erty companies.

"For a long time there has been no institutional money," said John McIlroy, chairman of Ewart, the Belfast company which, now that Brookmount has shifted most of its operations to England, is prob. ably Northern Ireland's big-

ably Northern Ireland's higgest indigenous development
and investment company.

"The institutions held their
buildings. They used 50 per
cent of the space and let the
remainder. They were looking
for security and growth and
they didn't get it," he said.
The result is a constraint on a
developer's financing. developer's financing.

There is no shortage of bank funds available and Ewart will

play the field for the best rates available. But it has to present available but it has to present the bank with a package con-taining the site, already pur-chased, the designs and at least half the project either pre-let or pre-sold to an own-er-occupier. The front-end expenditure is probably

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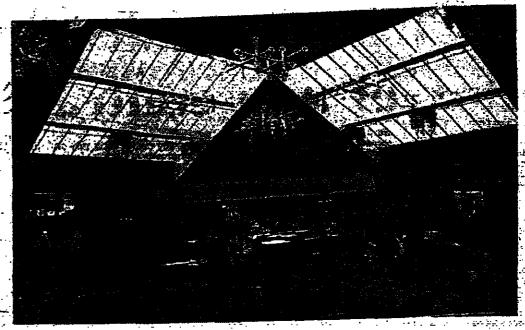
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Shopping mail in the centre of Belfast: a thriving example of the national consumer space

per would have to pay. For the banks, the loan secured against the site and the expenditure which has already taken place. Ewart keeps this lending off its bal-ance sheet. Indeed, said Mr Mcliroy, "the real trick is not to horrow against existing assets." Once the development is complete, it is refinanced with a commercial mortgage and taken on to the balance

sheet as an investment.

This approach means restraint during the construction period. "We have to be cautious about construction costs and the time factor.

There's panic if there is an Ewart's largest new projects in Northern Ireland are likely to come through a 50-50 joint venture company it has set up

with Co-operative Wholesale Society, but its maximum financial exposure is £1.5m.

"We get a development pro-gramme without great risk," said Mr McIlroy. The biggest scheme on the stocks for the new company is the conversion of the Gallaher tobacco factory near the centre of Belfast centre. Completion of this scheme would push

has been built up from a clean shell company with tim of assets to a £20m company in two years. But it is clear that, even with the CWS joint ven-ture, the financing limitations in Northern Ireland will force greater geographical diversifi-

cation.
Mr McIlroy is looking at possible acquisitions in Treland as a step towards one tation on the Dubita market financial institutions. Ambitions to go into northern England and Scotland will

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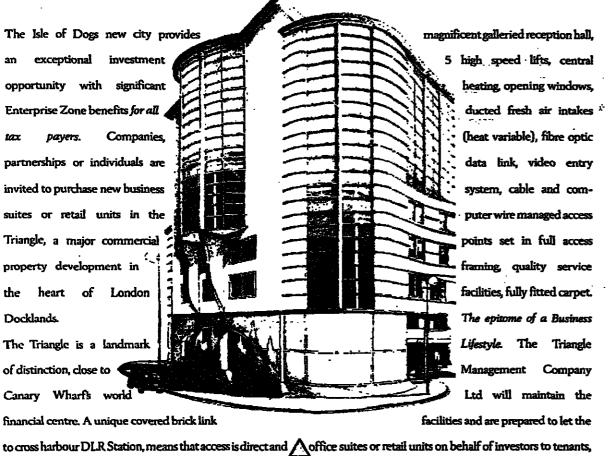
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FT LAW REPORTS

Buyer is misled by German contract

HARVEY V VENTILATOREN FABRIK OELDE GmbH Court of Appeal (Lord Justice Kerr and Lord Justice Russell): November 4,1988

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WHERE ONE party to an agreement is sent two contractual documents which are intended to be identical, one for countersignature and one for retention, he is not bound by additional clauses printed in a foreign language on the back of the countersigned doc-ument only, if he was misled-into signing in that the clauses were not previously agreed and the other party, though sware he did not speak the foreign language, failed to draw his attention to them.

The Court of Appeal so held when allowing an appeal by the plaintiff, Mr George Harthe plantin, ar George Harvey, from a decision by Judga Esyr Lewis sitting as an offi-cial referee, setting aside leave to serve a concurrent writ on the defendant manufacturers, Ventilatorenfabrik Oelde GmbH, in Germany.

LORD JUSTICE KERR, giving the judgment of the court, said it was common ground that agreements for the supply and erection of two large machines were concluded orally in 1984 in discussions between Mr Harvey and German manufacturers. They were conducted exclusively in English. The manufacturers were aware that Mr Harvey spoke no Ger-

international throughout that their oral It was also common ground agreements would be con-firmed in writing. The manufacturers told Mr Harvey they would send him two sets of acknowledgements of the orders, and that he should sign and return one set and retain the other.

They sent the two sets of acknowledgements, setting out detailed specifications of the machines and certain warranty, erection and payment provisions. The text did not purport to incorporate any other contractual terms, and did not refer the reader to any-thing on the back of the forms. The typed texts of each set

As requested, Mr. Harvey con-tersigned, the acknowledge-ments in one set, returned it to the manufacturers, and

retained the other. On October 10 1986 Mr Harvey issued a writ claiming damages for breach of contract. He contended that the machines as erected did not comply with warranties, were not of merchantable quality, and were untit for the purpose for which he required them. The manufacturers denied all allegations and contended that the machines had not been operated in accordance with

instructions.

Mr Harvey applied ex parte for leave to serve a concurrent writ on the manufacturers in Germany. He exhibited to his affidavit the set of acknowledgements which he had

He submitted the contracts had been broken within the jurisdiction, since the manufacturers had agreed to erect the machines at his premises, and had warranted their performance. He also contended formance. He also conter

that by implication the govern-ing law was English law.

Judge Esyr Lewis gave leave.

After the writ had been served the manufacturers applied to the judge inter-cepts to have his cardier order. partes to have his earlier order set aside on the ground that it had been agreed that any dis-putes would be submitted to the German courts, and that the governing law would be.

They relied on provisions in German which appeared on the back of the set of acknowledge-ments which Mr Harvey had countersigned and returned but not on the second set which he had retained. It emerged then for the first time that the two sets of docu-ments sent to Mr Harvey, which were obviously intended

to be duplicates, were in fact crucially different from each Clause 12 on the back of the countersigned set, when translated, provided that "legal relations . . . shall be exclusively "place of performance ... shall be Oelde". The judge considered that the real question was whether Mr Harvey could justly rely on his ignorance of German to say the acknowledgements were misleading and that he did not assent to incorporation of the printed conditions.

His conclusion was adverse to Mr Harvey. If the case bad to be judged at the case had to be judged solely by reference to the set which Mr Harvey counter-signed and returned, as though the other set never existed, it was highly doubtful that the conclusion would be open to review. But on the appeal the emphasis was rightly placed on the fact that Mr Harvey was sent two signed sets of contracsent two signed sets of contrac-tual documents purporting to be duplicates, but which were inconsistent with each other.

The real question was whether it was proper to con-clude that Mr Harvey assented to be bound by clause 12 of the printed German text.

In "ticket" cases, where one party profferred a document containing terms which he intended to form part of the contract, the question was whether the offeree should reasonably have understood the document was intended to be contractual, and whether his attention had been sufficiently drawn to its terms to infer assent from his acceptance.

Although this was not a ticket case, a similar question within narrower confines could equally arise in cases where the offeree must have recognised that the document was intended to be contractual, and where he might have signified recognition of that fact by sign-

Even in such cases there was still room for enquiring whether in all the circum-stances the offeree was misled in some way which entitled the court to conclude that he had not assemted to one or more of the terms of the document. Thus in L'Estrange v Grau-

cob [1934] 2 KB 394 Lord Justice Scrutton said "where a document containing contractual terms is signed, then in the absence of fraud...or misrepresentation, the party sign-ing it is bound, and it is wholly immaterial whether he has read the document or not". That principle had formed

the basis of the decision in Ros

v Naylor [1917] 1 KB 712. There Lord Atkin said, with regard to a sold note which was recognised as contractual, the ones tion was whether the document was in such a form that
"a reasonable man" reading it
with "reasonable care" might
and did fall to see the clause.
Mr Caldecott for the manu-

facturers submitted that on an enquiry as to whether a rea-sonable man would have been misled, only the terms of the document which the offeres had signed or accepted as con-tractual could be considered. ... That was not right. The court must consider all the circumstances of the transaction.

This was an interlocutory matter and the court could draw reasonable inferences. The undisputed material was sufficient to entitle the court to draw the inference that Mr Harvey was misled by the dif-ference between the two sets of documents, and that in all the circumstances it would be wrong to treat him as having assented to the German juris-

diction provision.
Since one set of documents was blank on the reverse, he was entitled to assume that the printed material on the other set, which he did not under-stand and which had never previously been discussed, was not intended to form part of the acknowledged orders.

If he had not regarded the printed German text as immaterial he would not have coun-

tersigned and returned the set

which contained it, since that

would only have been asking for trouble. To hold that Mr Harvey must be treated as having assented to the German jurisdictional provision because he countersigned and returned one set rather than the other, would be an unreasonable interpretation of the contrac-

thal terms agreed
The appeal was allowed. The judge's original order giving leave to serve the manufacturers in Germany was upheld.

For the manufacturers:
Andrew Caldecott (Free Chol-

For Mr Harvey: Murray Rosen (Denton Hall Burgin & Rachel Davies

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Britain follows the world in financing its students

David Thomas and FT correspondents take an international view of educational loans

Britain has been the odd country out in not pro-viding some sort of state-backed loan system for its students, as this week's White Paper (policy document) announcing the Government's proposals for a new system of

student finance stresses. However, it is less easy to find consistent links between particular student funding arrangements and the pattern of a country's higher education

Supporters of a move to student loans in Britain have argued that more diverse and flexible financing packages, including a new loans system, would help to increase the percentage of students going into higher education.

However, international evidence suggests that a society's economic and cultural traditions have as much to do with the demands placed on higher education as the funding

only about 20 per cent of students using the state-backed means-tested interest-free loan scheme. Nevertheless, Japan young people into higher edu-

Most Japanese students do not have to worry much about money, mainly because their parents have been scrimping and saving for years to pay for their studies.

Entry into popular Japanese universities is so ferociously competitive that most parents think it is the least they can do to ensure their children's chances are not harmed by a lack of cash for fees and board. Once safely inside, students in most subjects outside medicine and engineering can afford to relax. The name of their university is what counts;

their grades matter little. So Japanese students have plenty of time for part-time

Similarly, in the United States, where a high percentage of people study beyond the age of 18, paying for tuition and upkeep is the norm for stu-dents, with the result that many more US students work their way through college than in Britain.

used a complex array of federal, state and philanthropic grants and loans in 1986-87. About a quarter of students, mainly from low income back-

funded low interest loans. With a culture favouring self-help over public provision, there is little pressure for a fundamental overhaul of the

funding system in the US.
Netherlands, by contrast, operates a combination of non-means tested grants and subsidised means-tested loans which even the British White Paper admits is more generous than the backing given to students in the UK. Yet the Netherlands, like the US and Japan, has a relatively high percent-age of people in higher education once non-degree courses are taken into account.

igher education in the Netherlands, like many welfare benefits, is Japan is at one extreme with intended to be universally available to everyone regardless of income. The Dutch often study until well into their 20s, aided by a somewhat has one of the highest flows of relaxed attitude to academic performance.

But the surge in demand has caused the Education Minis-try's budget to burst its seams by Fl 500m (£143m) a year. Controversy has raged over these rapidly rising costs at a time of growing need for spending

Earlier this year the centreright Dutch government unveiled plans to substitute commercial bank loans for government-subsidised ones. Despite mass demonstrations by students, The Hague still plans to introduce legislation next year that would allow banks to offer 15-year Govern-ment-guaranteed loans at one percentage point above the Government rate.

Sweden is moving in the opposite direction after mounting criticism there of the subsidised state-backed loan system. Loans appear to discourage some Swedes from finishing their courses, with stories cir-culating of people dropping out of studies because of financial-

pressure.
A student finding a job while

Nevertheless, about 46 per still at university often does cent of US undergraduates not feel obliged to continue not feel obliged to continue studying just for the sake of a

paper qualification.
Moreover, the Swedish Education Department argues that the loan system discourages students from a lower-class background from going to university - a key worry of critics of the loan proposal in the UK.
As a result of these concerns, Sweden is about to reduce student dependence on loans and increase grants. From January 1989, a student's monthly grant will increase more than fivefold from SKr 242 to Skr 1,500 (£137), while

France too is planning to increase the level of Government support for student living costs, which at present is low compared with many other

the monthly loan element is

being cut from SKr 3,900 to SKr

European countries. Mr Lionel Jospin, the French education minister, recently said that "a totally insufficient number of French students benefited from direct or indirect financial support," adding that he planned to increase sig-nificantly state financial support for students.

This would involve a much higher level of means-tested grants. At present about 100,000 French students benefit from annual state grants, rarely of more than FFr 10,000 (£930) a year. The government would like to raise this figure to around 250,000.

Meanwhile, Britain will move for the first time to a loan system from 1990, citing among other reasons the need to draw more people into higher education.

Yet from one perspective, the British system has been relatively successful. For although the UK scores low in erms of the share of the population entering a full degree course, it is much higher up the league table when it comes to the number of people graduating.

Paul Betts in Paris, Laura Raun in Amsterdam, Stefan Wagstyl in Tokyo and Sara Webb in Stockholm contrib-

uted to this article.

In Brief

Aberdeen shipyard calls in receivers

Receivers have been appointed at Hall Russell, the Aberdeen shippard privatised by British Shipbuilders in 1986. The receivers are to try to keep the yard going while talks conwith potential buyers. Hall Russell employs 435 and has one big contract: an order

from the Overseas Develop-ment Administration to build a £19m ferry for the South Atlantic island of St Helena. Mr Frank Blin and Mr Ewen Alexander, of Cork Gully, the insolvency division of Coopers & Lybrand, the accountancy

firm, were appointed joint receivers following a request by the company to its bankers.

Abbey estate agents Abbey National has become the first building society to put in place the nucleus of a national chain of commercial property estate agents with the purchase of J Trevor and Sons for an undiscolosed sum. Societies have hitherto concentrated on residential property agencies, of which Abbey has more than 400.

Skill shortage

Only 3 per cent of businesses surveyed regularly by Manchester Chamber of Commerce and Industry shed labour in the third quarter, the lowest figure for 18 months. Some 45 per cent struggled to find skilled manual workers and 26 per cent reported a shortage of managerial job-seekers.

Chunnel house offer British Rail said that it will

buy the homes of people who have difficulty selling property along three alternative routes proposed for a high-speed rail link between London and the Channel tumpel.

Airlines unite

Ellan-Vannin Airlines of the isle of Man and Air Metro of Bournemouth are uniting to form a regional airlines grup with plans for an extensive network of both UK domestic and international short-haul

Tuning into a deregulated market

Electronics groups are preparing to do battle, Hugo Dixon writes

HE deregulation of British broadcasting, heralded by a Government's policy document earlier this week, could offer a bonanza for British and foreign electronics companies.

This is because in the new era, consumers will have access to many more television channels, which will be distrib-uted by satellite and micro-wave radio in addition to the existing mechanisms - terres trial broadcasting and cable. Conventional television sets alone will therefore be unable to receive the new channels and a variety of special aerials and equipment will be needed. At present, however, nobody really knows how big the markets for such items will be and there is no consistency to the different forecasts. For example, Astra, the satellite com-pany, says that 750,000 house-holds will be watching programmes beamed from its satellite alone by the end of next year. CIT, a UK market research company, predicts that the whole satellite market

will only reach this level of

penetration by the end of the

Mr Peter Forster, who is responsible for strategic plan-ning at Philips in the UK, warns that the new markets in electronic equipment could be to pick up signals from mediheld up by one of two main factors: poor programmes and diverging technical standards. If the new entrepreneurs

cannot make programmes which people want, there will be no market for the equipment. The equipment maker can only follow the programme provider," Mr Forster says. Similarly, if broadcasters press ahead with plans to

transmit their programmes using different technical stan-dards, viewers will need sev-eral black boxes and several new aerials. Customers might be so hewildered by the variety of options that they may stay out of the market altogether, Mr Forster says. However fast the markets

grow and whichever companies are the most successful, there will be no shortage of competi-

Amstrad, the electronics company headed by Mr Alan Sugar, intends marketing a sat-ellite dish and receiver costing £200 next year. Sir Clive Sin- make the necessary receivers:

to pick up signals from medi-um-powered satellites, such as Astra, broadcasting in a technical standard called Pal.

cal standard caned rai.

The dishes are fairly lowtechnology products. As part of
the package, however, there
are two bits of expensive electronics equipment: the "lownoise block," which sits at the
centre of the dish, converting

centre of the dish, converting and amplifying signals; and the receiver, a black box that sits on top of the TV.

A mstrad has asked GRC-Marconi, the UK electronics company, to make the low-noise block for its product. It is buying its receivers from the Far East.

Different equipment will he Different equipment will be needed to receive programmes sent by British Satellite Broadcasting, which is using a high-powered satellite and transmitting using the D-Mac

standard BSB, among the shareholders of which is Pearson, owner of the Financial Times, has chosen three manufacturers to turer now owned by Thomson of France; Salora, a Finnish company; and Tatung of

Taiwan. ITT of the US and Philips are planning to make the special microchips that are the key components inside these

Alba, another British company, has said it will produce a receiver embedded in a TV set, and a dish which can swivel round to point at any satellite. This total package, which should allow the viewer to tune into both high-powered and medium powered satel-lites, will cost £700. The large Japanese electron-

ics companies - notably Mat-sushita and NEC - are also expected to enter the market. The prospects for the micro-wave TV market are even more uncertain than satellite. That is because the Government has yet to decide precisely which frequencies should be used to broadcast on and, in any case, transmission will not be allowed until 1991.

Several British companies however, are likely to be in a position to supply this market.

Airport expansion necessary at both Heathrow and Stansted, BAA says

More terminals needed 'at end of century'

By Michael Donne, Aerospace Correspondent

and a second terminal at Stansted, 40 miles north of London, may both be needed around the end of this century to meet air travel growth in the London area.

But another runway in the area is not likely to be needed until after the year 2000, because even by that date there will still be enough capacity in the existing run-

way system. Sir Norman Payne, chairman of BAA (formerly the British Airports Authority), empha-sised these points yesterday in an analysis of the long-term prospects for growth at London's airports, and how the BAA planned to meet it.

Until now it has been widely believed that either a fifth Heathrow terminal or a second Stansted terminal would be needed, but this is the first

A FIFTH passenger terminal time that BAA has publicly at Heathrow airport, London, indicated that both may be necessary.

Sir Norman told a Chartered Institute of Transport seminar on airports management that BAA was forecasting passenger growth at all its airports from 62m in 1987 to between 105m and 135.5m by the year 2005, or about 3 to 4.5 per cent a year. Over the same period the growth in aircraft movements

would be slower, between 1.5 and 2.2 per cent a year, because the airlines were already moving towards bigger aircraft and that trend would continue.

The BAA's current investments in new and modernised passenger terminals at Heathrow, Gatwick and Stansted would meet the anticipated passenger growth through to the mid-1990s.

But beyond that date there were two main options

- building a fifth terminal at Heathrow, and developing fur-space problem we experienced Heathrow, and developing fur-ther terminal capacity at could have been much worse." Stansted. "We are currently standing these possibilities. It does seem that, ultimately, we are going to require both."

With the slower growth in

aircraft movements, however, "we do not believe that a further runway is needed in the south-east until the next cen-

There was no prospect of building new runways at either Heathrow or Gatwick, south of London. There would be no point in having another runway at Heathrow or Gatwick, even if one could be provided, if the airspace in the London area could not take the traffic

from it", Sir Norman said.
"Indeed if by some magic another runway had been provided last summer, the airlines would have scheduled more movements in the peak peri-

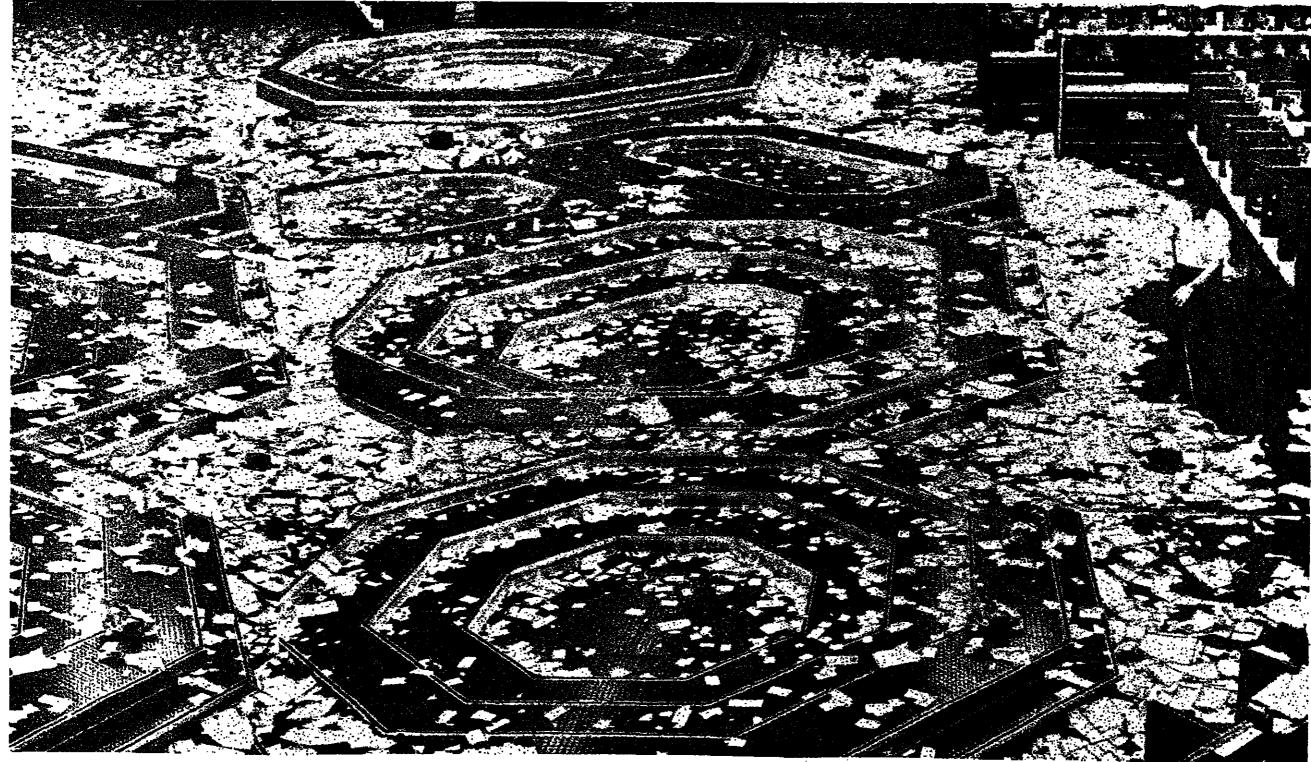
Sir Norman admitted, however, that the possibility of

another runway might arise if Heathrow and Gatwick were not allowed to develop to their full potential – for example, if a fifth terminal at Heathrow were to be denied.

If that occurred, the airlines would have to adopt different

strategies, including developing another "hub" airport operation in London with a duplication of frequencies of services. "This would advance the need for another runway." But Sir Norman also empha-

sised the need for improvements in the access to airports, especially Heathrow. BAA was planning to spend £150m on a new rail link between central London and Heathrow, with additional investment by Brit-



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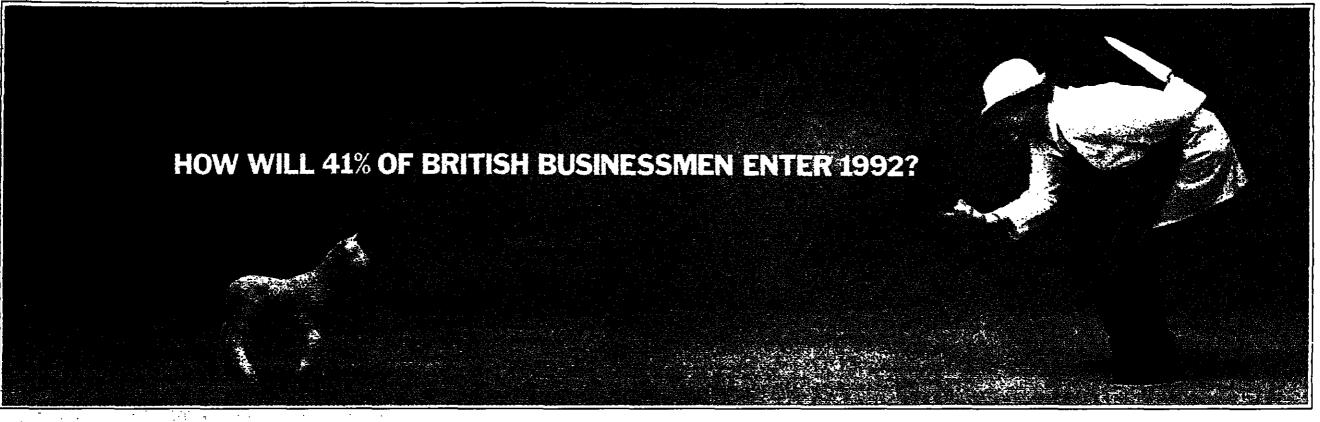
inety-one per cent of British businessmen believe that 1992 will be good for business.

larke

entur.

Good news. Well yes, except that behind this statistic lurks another. Forty-one per cent of those surveyed, revealed they had no game-plan whatsoever.

Frankly that's something that worries the life out of us.



In 1992, we'll all be fish in a much larger pond. And whilst this means more opportunities, it also naturally means more predators.

Eor the fact remains that if you can see an opportunity, so can your rivals.

So how can you make sure that as all the rules change, you know how to play the game and win?

Well to start with, you need expert advice. And having worked closely with many clients in Europe, that's something we're well placed to provide.

We'll give you an in-depth analysis of how 1992 will affect not only your business, but that of your clients and suppliers.

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More important, thanks to our extensive network of European offices, we can also give you on-the-spot help as you put your game-plan into practice.

So that, come 1992, when everyone else is waiting for things to change, you're up there making the changes.

So that, come 1992, when everyone else is waiting the change, you're up there making the changes.

Accountants, Advisers, Consultants

The quest for 'ozone friendly' gases

Clive Cookson examines the chemicals industry's response to an environmental issue

hlorofluorocarbons (CFCs) - the chemicals being phased out because scientists believe they are destroying the ozone layer - are an essential ingredient in a myriad of industrial and domestic prod-ucts. They go into refrigerators and air conditioners, insulating foam and packaging, aerosol sprays and cleaning agents for materials ranging from clothes to computer chips.

In the face of disturbing evidence that CFCs are destroying the ozone which protects the Earth from harmful solar radi-ation, the main CFC manufacturers have agreed this year to cut their production by at least 85 per cent by the year 2000 and, if possible, to stop making

This is the first time that the chemicals industry has decided to phase out an important group of compounds for envi-ronmental reasons. The consequences will be very expensive. Du Pont, the world's largest CFC manufacturer, estimates that the industry will have to spend \$5bn developing and producing alternative chemi-

cals during the next decade.
Users of CFCs face an even larger bill as they adapt to the more expensive substitutes. "In the US alone there is now more than \$135bn worth of installed equipment dependent THE stability of CFCs, which makes them so useful on Earth, means that they are a threat to the upper atmo-sphere. When they drift up to the stratosphere they are bro-ken down by radiation from the sun. In the resulting chain reaction one CFC molecule can destroy many ozone molecules. Scientists and environmen-

talists became concerned about this threat to the ozone layer in the 1970s, and the US hanned domestic aerosols connamed domestic zerosons con-taining CFCs in 1978. But without "proof" of damage, world-wide consumption of CFCs continued to increase.

on the current CFC products," says Uwe Bohr, chemicals director for Du Pont in Europe. "Virtually all of this equip-ment, some of it with a useful life of 20 to 40 years, could require replacement or modifi-cation. For some the impact of change could be even more dramatic. Entire industries could collapse."

The users' plight is made worse by a disagreement between the industry and environmentalists over what constitutes an acceptable substitute for CFCs. The debate is centred on a closely related chemical called HCFC-22, at present the only substitute in many refrigeration and foam-

The turning point came in 1985 when the British Antarctic Survey discovered that, for a few weeks each spring, the ozone layer over the South Pole became much thinner. Although this "ozone hole" is the result of exceptional Antarctic weather conditions, it is a warning of what could hap-pen globally if more and more CFCs are released.

A thinner ozome layer lets

more ultraviolet radiation from the sun reach the Earth. This has adverse effects on the health of humans (including an increase in skin cancer), other animals and plants.

blowing applications. HCFC-22 is actually a CFC in which one chlorine atom has been replaced by hydrogen. This makes it much less damaging to the environment, but not entirely harmless. Scientists estimate that its capacity for destroying ozone is about five per cent of that of a CFC. "You can see it as part of the problem or part of the solu-tion," says Chris Tain, market-

ing manager for new fluorocar-bons at ICI, the largest UK manufacturer of CFCs. "We believe that HCFC-22 is part of the solution. Fiona Weir, an environmental campaigner with Friends of

the Earth, says of HCFC-22:

- the Montreal Protocol - to cut CFC production by half by 2000. Since then, there has been further evidence of ozone depletion: scientists have discovered that up to six per cent of it disappears temporarily over northern latitudes during

At a UN Environment Proramme conference in The Hague last month, government and industry representatives agreed that the Montreal Pro-tocol should be tightened up to require an 85 per cent reduc-tion in CFC production.

"We're prepared to accept it as a bridging measure for refrigeration, though not as a long-term solution. We do not accept it in the food packaging industry, for example, where there are adequate substitutes that are no threat to the envi-

The manufacturers of household aerosols and foam packag-ing for foods have been the fastest to abandon CFCs because they felt vulnerable to consumer boycotts. In the UK, they have all promised to change to "ozone friendly" sub-stitutes within a year.

These substitutes are usually hydrocarbon gases such as butane and pentane, which are

In September 1987, industri-alised nations signed a treaty age the czone layer. age the ozone layer.
But some manufacturers of CFC-blown foam for the food

industry – hamburger carrons, egg boxes and supermarket meat trays – have switched to HCFC-22. "We cannot possibly use pentane because our plant is not equipped to handle such an inflammable material. It could put our whole workforce in danger unless we spent a tremendous amount of money adapting the whole plant," says Malcolm Street, managing director of Fairway Packaging

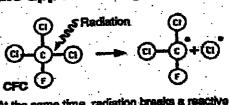
in Merseyside.

There are still no acceptable substitutes for CFCs in most other foam-blowing applica-tions, such as the "rigid foams" used to insulate buildings and refrigerators and the "flexible foams" that go into car seats and soft furniture. In the 1990s, the manufacturers of these goods will probably be compet-ing for dwindling supplies of CFCs, which may have doubled

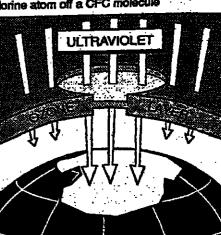
The refrigeration industry is particularly dependent on CFCs. It uses them indirectly in insulating materials and directly as refrigerants. HCFC-22 can replace CFC-12, the most widely used refriger-ant, in some applications. For instance, new freezer cabinets supplied to the UK's environ-mentally conscious supermarThe complex chemistry of the upper atmosphere

In the upper atmosphere, ultraviolet radiation converts ordinary oxygen molecules (with two atoms) into ozone (with three atoms)

In a complex catalytic chain reaction, one chlorine atom can convert large numbers of ozone molecules back to ordinary oxygen without itself being destroyed



At the same time, radiation breaks a reactive chlorine atom off a CFC molecule



kets run on HCFC-22, even though both the installation and running costs are seven to 10 per cent higher than with CFC-12.

The most promising future substitute for CFC-12 is a hydrofluorocarbon called HFC-134a, which contains no chiorine and therefore does not threaten the ozone layer. Both ICI in the UK and Du Pont in the US plan to spend tens of

millions of pounds over the next three years scaling up production of HFC-134a. Unfor-tunately, it is more complex than CFC-12 and will require a more elaborate and expensive

manufacturing process.

The short-term constraint on introducing HFC-134a and other new CFC substitutes is the need to carry out thorough toxicity tests. The world's 14 main CFC manufacturers have agreed fo carry out the required testing jointly. By avoiding duplication, they should cut the time required for toxicity testing from seven to five years.

The manufacturers say that they are taking a calculated risk by building factories to make HFC-134a before it has completed these tests: prelimi-nary results make them confident that it is safe. A more serious problem with HFC-134a. as a coolant may be the fact that it is not compatible with the oils used to lubricate current refrigeration systems, so its introduction depends crucially on the development of a Even if all the technical

problems about introducing HFC-134a are solved, the refrig-eration industry faces the

daunting task of disposing safely of millions of tons of CFCs sitting in the world's CFCs sitting in the world's freezers, fridges and air conditioners. "Our biggest worry is that, at present, there is no feasible way of getting rid of CFC-12 apart from simply releasing it into the atmosphere," says Ron Baker, director general of the British Refrigeration Association. "There is a desperate need for There is a desperate need for research into ways of destroying CFC-12. Whether this should be funded by the people who made it, or by governments, I don't know.

Electronics companies are finding it hard to curb their appetits for CFC-113 cleaning fluids. No general replacement for CFC-113 is in prospect and the industry will probably have to turn to a combination of strategies; water cleaning technologies, organic solvents, new bonding agents which do not need cleaning, and better recycling and recovery.

Experts at a United Nations Environment Programme con-ference last month estimated that the electronics industry could cut its CFC consumption by almost half aimply by changing to less wasteful cleaning procedures.

You won't meet that goal your business. And that's where Unisys makes a

Electronic newspaper for the blind wins award

A SWEDISH invention which ter, where it is stored again on makes available to the blind's, a Windowster disk, complete newspaper. Statisty of the mail complete newspaper. The complete newspaper has from equipment with a large Institution of Electrical Engi-

neers.
The IEE makes the award every three years for the best application of electrical, elec-

application of electrical, elec-tronic or software engineering to improve the quality of life for the disabled.

The £6,000 prize was pres-ented in London yesterday to the system's developer, Henryk Rubinstein, a research fellow in information technology at Chalmers University of Tech-

nology, Gothenburg. nology, Gothenburg.

He points out that subscribers get their news ahead of the normal morning paper delivery, because the system uses spare radio capacity to transmit text overnight. So far, there are only 36 subscribers, but the Swedish Government plans to make it more widely available.

Rubinstein has been working with Sweden's second largest morning newspaper, the 300,000-circulation Goteborgs-Porsten, which originally pro-

Porsten, which originally proposed the project.

The full text of the newspaper is transmitted to subscribers over FM radio waves when the local station closes down at 2 am. At a speed of about 4,000 characters a second, it takes four to five minutes to transmit a typical edition of about 40 pages, Rubinstein says.

The process starts once the last edition of the newspaper is printing. The text stored in the composing computer is dumped into a five-megabyte Winchester disk under the control of a microcomputer.

trol of a microcomputer.

Then an operator transfers text page by page in the same order as it appears in the paper. He edits out commands for photosetting, before sending it by cable to the transmit-

blocks of 256 bytes with pauses to give a relatively inexpensive receiver time to ensure that it has caught each block. Each subscriber is equipped

with a speech synthesiser that can speak the text in one of the can speak the text in one of the main European languages. The user has push-button control of delivery through a braille terminal. He can skim the headlines, listen to a complete story, or search for a particular section or article.

If the blind gubersiber is not

If the blind subscriber is not to receive an indigestible mass of verbiage, however, newspa-per co-operation is needed to prepare it for electronic presen-tation. The computer-stored text should be sorted into convenient compartments front-page, sport, business etc - to assist a reader who can-

not turn pages.
Within each article, head-lines, crossheads and so on must be identified to prevent confusion. Headlines can be grouped to form an index. In addition, some way of distin-guishing important news is

needed, such as organising all text into a merit order.

Receiving equipment for the radio distributed digital newspaper for the blind — abbreviated in Swedish to Rats — has been made riscorneal for the 26 been made piecemeal for the 36 subscribers, mainly by Ruhinstein's university. It has cost about 23,000 to equip each sub-

But the Swedish Government has now undertaken to give blind people the choice of Rats or an alternative system

articles on cassette.

In the UK, the Royal
National Institute for the Blind
is looking into the electronic
newspaper idea.

In search of the perfect cuppa

TEA DRINKERS seeking a tastier corporate cuppa might find the answer in a new tea machine produced by ARA Services, a vending machine and catering company, of Reading in the UK.

The tea maker, which resembles a filter coffee machine, took two years to develop. One of the most important tasks was to make a filter that would

bles a filter coffee machine, took two years to develop. One of the most important tasks was to make a filter that would extract chlorine, heavy metals and other impurities from the water. A charcoal and resin fil-ter proved the best and the water tested came from the

London area, where it is the most frequently recycled. The machine can keep the tea hot for an hour or more without it becoming stewed

because tea quality has been so unreliable. unreliable.

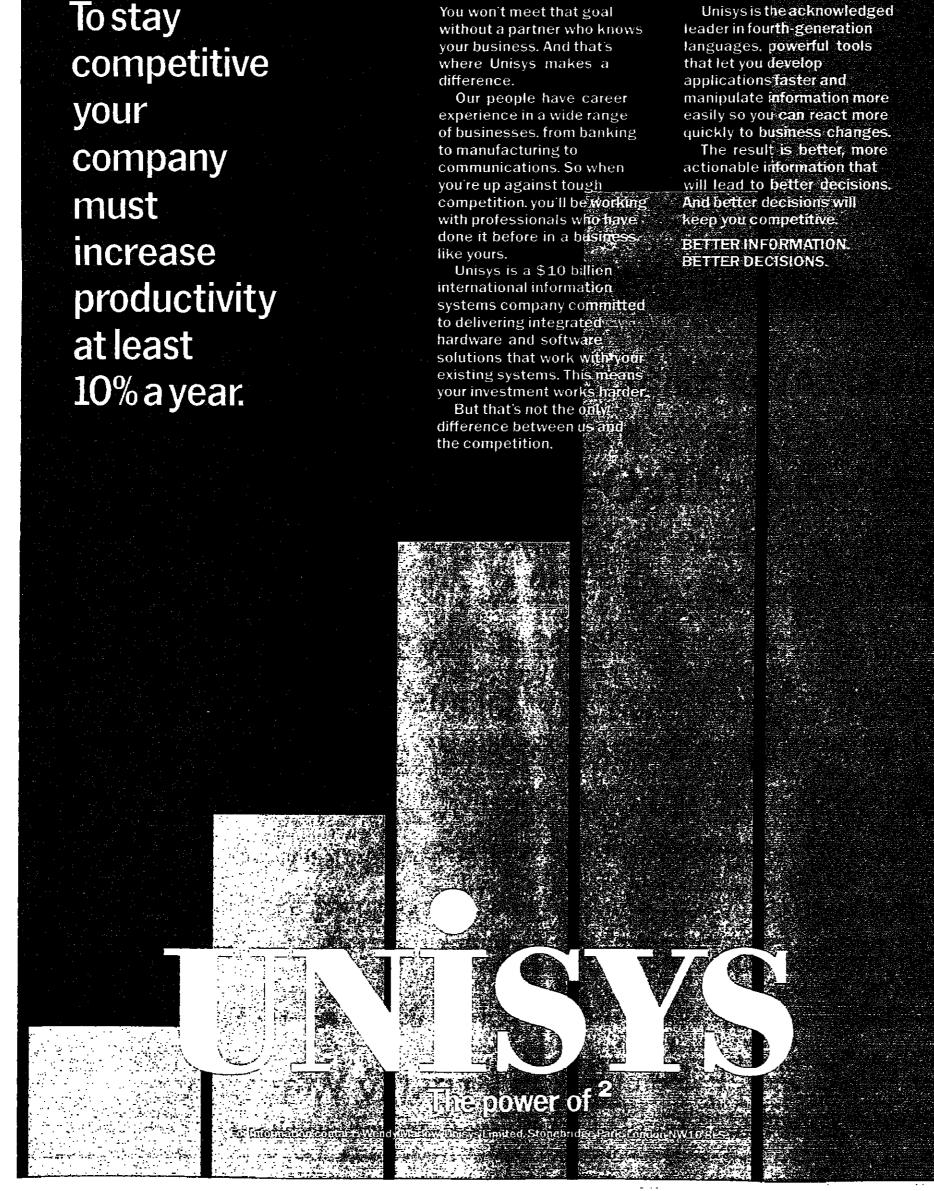
ARA's revenue comes from the sale of tea in its proprietary bags. It provides the machine and maintains it free of charge, so long as the customer guarantees that more than 36 cups a day will be drunk.

drunk.

tea hot for an nour or more without it becoming stewed because the water passes through a giant teabag into an aluminium jug.

In the UK, tea is by far the arms.

The cost per cup works out at between five and seven pence, and the tea comes in four varieties original, traditional, Assam and Darjeeling.

















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in the world.

per second.

- The point is, while we needed that capacity then, we need it even more now.

Seven years ago Guardian Royal Exchange

It gave us enough power to outgun even the

"You have," said the engineer in charge of

commissioned the largest commercial computer

Pentagon. It could deal with 9 million instructions

- Not only to back up our policies and policy
- its installation at our headquarters in Lytham,

Whadd'ya mean their

computer is more

powerful than ours?

as possible.

- "mind-boggling capacity here."

- It means our senior managers around the
- But that's only part of the story. We've all heard of 007. Consider 02. This is one of our

sophisticated corporate planning programmes.

holders. But also to relay information to branches,

brokers and staff as quickly and as accurately

Now, in a matter of seconds, we can calculate

And who drives a Mercedes, has a 40% no

a motor premium rate for a policy holder who is,

say, 27 years old, female, and lives in Manchester.

claims bonus, and commutes to work in Liverpool.

nothing yet.

asset values and so on.

- One step ahead, then another

to price competitively, but to innovate exciting new products in tune with our markets.

world can look at a number of assumptions on a

computer screen and review the last five years

underwriting results, premium income, expense

ratios etc. will have on dividends, share earnings,

They can compare the effects changes in

This kind of technology helps us not only

of their business, or evaluate the next five.

Meanwhile, we're continually updating our

- computer power. It's now eight times more
- powerful, with the ability to handle no less
- than 73 million instructions per second.
- And still our experts tell us, we ain't seen
- GUARDIAN ROYAL EXCHANGE



OPERA AND BALLET

Royal Opera, Covent Garden. Massenet's Manon, which ma massener s Manon, which made a disastrous return to the Royal Opera repertory last year, gets a new production, by John Cox, in the 1987 designs, by Peter Rice. Leontina Vaduva, David Rendall, François Le Roux, and Donald Mointyre take legding Donald McIntvre take leading roles, and the conductor is Mich-ael Plasson. Further perfor-mances of the beautiful Nuria Espert production of Madama Butterfly, with Catherine Malfi-tano and Arthur Davies as Butterfly and Pinkerton. zertly and Pinkerton.
English National Opera, Coliseum. The second of Philip Glass's operas to be given by this company is The Making of the Representative for Planet. to a libretto by Doris Lessing Also in repertory: David Alden's surrealist production of Simon Boccanegra, conducted by Mark Elder, with Malcolm Donnelly. John Tomlinson, Janice Cairns, and Edmund Barham in leading roles, and Jonathan Miller's unsparkly production of The Barber of Seville, saved by Della

acted Rosina.

Opéra. Raymonda, Glazunov's 3-act ballet, choreographed and produced by Rudolf Nureyev with Florence Clerc/Isabelle Guerin/Sylvie Guillem/Elisabeth Platel/Claude Vulpian in the title role and Laurent Hilaire/Charles Jude/Manuel Legris/Jean-Yves Lormeau and Rudolf Nureyev alternating as Jean De Brienne (47425871).

Jones's brilliantly sung and

State Opera. Ballet: La Fille mai Gardee, conductor Sasson, with Christian Tichy, Jolantha Seyfried-Grascher, Gyula Harangozo.

Der Fliegende Holländer, conductor Peter Schneider, with Dunja Vejzovic, Simon Estes, Kurt di Thomas Moser, Heinz Zed-Rydi, Thomas Mose, Heinz Zea-nik. Ein Sommernachtsträum conducted by Caspar Richter, with Marialuise Jaska. Macbeth conducted by Latham Koenig, with Mara Zampieri, Simon Estes, Kurt Rydi, Alberto Cupido.

Deutsche Oper. Karajan's production of Der Troubadour is conducted by Stefan Soltez. The Ring cycle revived by Götz Friedrich starts with Das Rheingold men starts with Jas Andengules with Hanna Schwarz (Fricka), Lucy Peacock (Freia), Jadwiga Rappa (Erda), Robert Hale (Wotan), Ekkehard Wlaschiha (Alberich), Die Walküre with Karan Armstrong (Sieglinde), Gwyneth Jones (Brünnhilde) and Peter Hofmann (Siegmund), and Siegfried with Gwyneth Jones (Brünnhilde), Toni Krämer (Siegfried) and Jadwiga Rappa (Erda).

Hamburg Staatsoper. Dornröschen is cho-reographed by John Neumeier. Cav and Pag is the highlight of the week with Galina Savova. Hildegard Hartwig, Natalia Troit-

skaya, Piero Cappuccilli and Wla-dimir Atlantow. The ballet Hamburger Impromptu die Stühle choreographed by Maurice Bejart rounds off the week.

Lytic Opera. Ingvar Wixell has the title role in Jean Pierre Pon-nelle's production of Falstaff, which features Marilyn Horne as Dame Quickly, Jerry Hadley as Fenton and Wolfgang Brendel or Fond with Lenge Conference.

as Ford, with James Conlon con-ducting. Samuel Ramey takes the title role as Don Giovanni in Jean Pierre Ponnelle's production conducted by Semyon Bychkov, with Carol Vaness as as Donna Elvira. Civic Opera

Opera. Norma stars Rosalind Plowright, Florence Quivar and Lando Bartolini. Der Nüssknacker is choreographed by Youri Vamos.

Frankfurt Opera. Last performance of John Cage's Europeras 1 & 2, which tries to show a view of 200 years of opera history with the help of computers. Rigoletto has fine

performances by Michal Shamir, Vincent Cole, John Rawnsley nd Anny Schlemm. Il Barbiere di Siviglia is a well done repertoire performance. Fidelio is respectable with Luana DeVol (Leonore), Michal Shamir (Mar-zelline), Günter Reich (Don zarro) and Manfred Schenk

Muziektheater. The National Ballet with a programme of bal-lets by resident choreographer Toer van Schayk: a new ballet to music by Hans Werner Henze Seventh Symphony (Beethoven) and Mythische Voorwendsel (Bartok) (Tue to Thur) (255 455).

The Hague Danstheater. The Netherlands Opera co-production with the English National Opera of Mozart's Magic Finte (in German) directed by Nicholas Hytner. The Netherlands Philharmonic under Donald Runnicles, with Hans Peter Blochwitz, Dawn Upshaw, Petteri Salomaa, Amanda Halgrimson and Erich Knodt (Wed) (60 49 20).

Florence Testro Comunale, Tchaikovsky's Nutcracker, choreographed by Evgheni Polyakov, danced by Elisabetta Terabust, with Eric Vu.an, and conducted by Evgheni v. Kolobov. (Wed, Thurs) (2779236).

Turin Teatro Regio. Sylvano Bussotti's production of Ponchielli's La Gioconda opens the winter sea-son, with Bruna Baglioni, alternating with Maria Luisanave, Silvano Carroli, Giovanna Casolla, Agostino Ferrin, Salva-tore Fisichella and Carmen Gon-zales, conducted by Nello Santi (Thurs, Sun, Tues.) (548.000).

Stutteart Opera. Die Kameliendame is revived with choregrapher John Neumeier. Salome has a new cast led by Karan Armstrong, Leonie Rysanek, Manfred Jung and Wolfgang Probst.

Teatro Dell'Opera. Season opens with Filippo Sanjust's production of Donizetti's Polluto which has not been performed in Italy since Maria Callas sang in a different, but highly successful version at La Scala in 1960. This revised;

version by William Ashbrook and Federico Agostinelli follows closely Donizetti's autograph edition and is conducted by Jan Latham-Koenig, with an excel-lent cast led by Renato Bruson, Elizabeth Connell and Nicola Martinucci (Tues) (46.17.55).

New York Metropolitan Opera, Opera House, Lincoln Center. First per-formance of Madama Butterfly, conducted by Myung Whun Chung, has Yoko Watanabe as Cio Cio San, Brenda Boozer as Suzuki and Giorgio Lamberti as Pinkerton. Other productions this week include II Barbiere di Siviglia with Gail Dubinhaum replacing Kathleen Battle as Rosina, Leo Nucci remaining as Figaro and Rockwell Blake as Count Almaviva with Raif Weikert conducting. (362 6000).

Washington Opera. Opera House, Kennedy Center. Nelly Miricioiu takes the role of Violetta Valery in John Copley's production of La Traviata conducted by Guldo Ajmone Marsan. Placido Dom-ingo continues as Mario Cavara-dossi in Tosca in Gian Carlo Menotit's production conducted by Rafael Fruhbeck de Burgos with Andriana Morelli as Floria and Justino Diaz as Baron Scar-

Cologne Opera. Die Fran ohne Schatten produced by the late Jean Pierre Ponnelle but finished by his assistant Jutta Gleue, will have its premiere this week with Rob-ert Hosfalvy, Mechthild Gessen-dorf, Reinkild Runkel, Wolfgang Schöne and conducted by Lothar Zagrosek. Don Pasquale features Camillo Meghor, Janice Hall and Douglas Johnson. Also Ein Sommernachtstraum.

Bayerische Staatsoper, from Munich, conducted by Wolfge Munich, conducted by wongang Sawallisch. Arabella, with Lucia Popp, Anna Tomow-Sintowa, Thomas Allen (Tues), Cosi fan Tuite with Peter Schreier, Theo Adam, Trudeliese Schmidt, Julia Varady, Julie Kaufmann (Thurs) (289 9999). (289 9999). Opera Theatre of Saint Louis,

from the US. Music by the Japa-nese composer Minoru Miki to a libretto in English by Colin Graham. A tale of passion and tragedy set in 18th century Japan. Nissei Theatre (Tues, Thurs) (503 3111).

MUSIC London

(928 3191).

Beethoven Plus is a series of concerts between September 18 and December 10 which seek to set the composer's music in the context of his own time. The work of over 30 of Be contemporaries will also be fea-tured. Royal Festival Hall, Quee Elizabeth Hall, Purcell Room. (928 3191). London Philharmosile Orchestra conducted by Sir George Solti, with Dezső Ranki (piano). Bar-tok. Royal Festival Hall (Fri)

(928 3191).
London Philharmonic Orchestra
conducted by Leon Botstein with
Rudolf Firkusny (piano). Richard
Wilson, Brahms, Tchaikovsky.
Barbican Hall (Sat) (538 8991)
London Symphony Orchestra
conducted by Witold Rowicki
with Igor Olstrakh (violin). Mozart. Beethoven, and Mussoresky. art, Besthoven, and Mussongsky.
Barbican Hall (Sun) (538 8891)
Boyal Philharmonic Orchestra
conducted by Vladimir Ashkenazy, with itzhak Periman (violin).
Shostakovich. Royal Festival
Hall (Sm) (598 3191) Shostakovich, Royal Ferrival Hall (Sun) (928 3191). The Bach Choir with The Phil-harmonia Orchestra conducted by Sir David Willcocks with Sheila Armstrong (soprano, and the Choristers of St Paul's Cathe-dral. Britten's War Requiem. Boyal Festival Hall (Tue) (928

London Mozart Players, Mendelssohn: A Midsummer Night's Dream. Jane Glover conducts, with Carol Smith (soprano), Wendy Verco (mezzo soprano), Julian Hope, director. Mendels-sohn. Barbican Hall (Wed) (688

London Philharmonic Orchestra conducted by Sir George Solti with Vilmos Szabadi (violin). Bartok. Royal Festival Hali (Thurs) (928 3191).

Paris

Itzhak Perlman (violin), with the Orchestre de Paris and Dan-iel Barenboim (piano). Mozart, Brahms, Beethoven. Salle Pleyel (Mon) (45630796). Quatuor Alban Berg, Beethoyen's string quariets. Théâtre des Champs Elysées (Mon) (47203637). Ensemble Orchestral de Paris conducted by Marc Soustrot. Bach, Schubert, Hersant, Mozart Salie Pleyel (Tue) (45638873). Orchestre de Paris conducted by Daniel Barenboim, with Itzhak Perlman (violin). Brahms, Stravinsky. Salle Pleyel (Wed) (45630796). Orchestre Symphonique Pro

Arts de Paris, conducted by André Guilbert: Poulenc's Stahet Mater, organ concerto. Saint-Ger-main-des-Pres Church (Tue)

The second secon

Brussels National Orchesirs of Belgium conducted by Mandi Rodan, with Jean-Pierre Bampal (Buts), Moussorgsky, Khatchaturian.

Frankfust Frankfurt Radio Orche moder Erich Leinsdorf, Weill Strauss, Alto Oper (Fri). Milva Concert, Alto Oper (Wed). The Dubliners. Alto Oper

Nicolal Gedda lieder recital with Glovanni Bria (piano). Grieg, Massenet, Duparc, Lalo, Wolf and Tchaikovsky. Philharmonis Rugtish Chamber Orchestra with pianist and conductor Christoph Eschenbach. Britten, Mozart, Janacek and Beethoven. Philharminie (Sun). Württemberg Chamber Orchos-tra with Maurice Andre (trumpet), conducted by Jörg Faerber. Bach and Phillipp Telemann. Philhermonie (Thurs).

Berlin Berlin Philhare conducted by Sir Colin Davis with Andre Watts (plano). Bee-thoven and Sibelius. Philhermonie (Fri, Sat) Chamber Orchest Chamber Orchestra of Europe conducted by Claudio Abbabo. Brahms, W.Rihm, and Stravin-sky. Philharmonie, Kanimermu siksaal (Sun). Berlin Philhermonic and the

eaux Arts Trio conduct mes Levine. Mendelss James Levine. M Batholdy and Beethoven. Phil-harmonic (Wed). Concertgebouw. Recital Hall: The Melos Quartet. Mozart,

Reger (Wed). Abbie de Quant (flute), Herre Jan Stegena (cello), Rund van der Meer (baritone) and Rudolf Jansen (piano). Jon-gen, Faure, Bavel (Thur) (718 345). Rotterdam

Doelen. The Marines Choir under Major G.D. Buitenhuis, with Daniel Wayenberg (piano). Tchaikov-sky, Berlioz (Tue, Wed). Recital Hall. Netherlands Philharmonic Chamber Orchestra conducted by Gilbert Varga, with

The Royal Academy. Henry Moore, a full retrospective exhibition to mark the 90th anniver-sary of the birth of one of the

great artists and pre-eminent sculptor of the 20th century.

The National Gallery. Rem-brands: Art in the Making. A

orand: Art in the making A small but highly informative study exhibition, prepared by the Gallery's technical depart-ment Ends Jan 17. The Hayward Gallery. Three

concurrent exhibitions. Eisen

stein 1898-1948; His Life and Work; the first major study of

the career of the great Russian film-maker, Sergel Eisenstein Nam June Paik: Video Works

1963-88 (both until Dec 11). The Tigar Rugs of Tibet, which are little known in the West and never shown in this way before.

The Tate Gallery. David Hockney: A Retrospective. London's main gallery of modern art offers a full study of the golden boy

of British art at the age of 50. Ends January 8.
The Serpentine Gallery. Paula

retrospective study of over 30

years' work by an artist who has emerged in the 1980s as one

of the most significant and dis-tinguished British figurative

Louvre. Pavillon de Flore. Rem-

brandt and his school are on show in two exhibitions at the

Louvre, Both exhibitions closed Tue, the first ends Jan 30, the second March 27. Entry from

the Qual des Tulleries, opposite Pontroyal (42603926). Musée d'Orsay. Cezanne, Tae

Early Years (1859-1872). The 63 paintings and 20 drawings and

watercolours, already seem in London and on their way to Washington, reveal a hitherto neglected period of the artist's life. Closed Mondays. Ends Jan

Picasso Museum. The 17th cenricasio museum. The 17th cen-tury Hotel Sale, sumptuously restored, provides a fitting home for the world's largest collection of Picasso's work. 5 rue Thorgny.

Closed Tuesdays. Grand Palais. Vieira da Silva.

Grand Palais. Vieira da Silva.
After Lisbon, Paris celebrates
the 80th birthday of the artist
who, while born in Portugal,
decided to live and work in
France. Ends Nov 21.
Galeris d'Art Saint-Honoré. Still
lives in Dutch and Flemish art
of the 17th century. 287, Rue
Saint-Honoré. Closed Sai, Sun
and hinchtimes. Ends Nov 18.
Galeris Hopkins-Thomas. André
Brasilier charms with his portrayal of the feminine form
— decorative and geisha-like
— while the Galerie Ettenne

decorative and geisha-like while the Galerie Etienne

Sassi abows his ceramics and watercolours. 2 rue de Miromes-nii (42.65.51.05) and 14 ave Matig-non (47.23.40.38) respectively.

Some 126 drawings lent by the Kunsthalle in Hamburg retrace the panorama of German graphic

Banque Bruxelles Lambert, 6 Place Royale. Goldsmiths of 17 and 18th century Hamault.

Superb gold and silver (largely from private collections) crafted

nom private consections) craited by the masters of Mons, Tournal, and Ath. Daily 10-18.00. Closed Monday. Ends Nov 20 (517-2388). Musée d'Art Moderne, 1-2 Piace Royale. The First Group of Lac-them-St Martin 1898-1914. A trib-ute to the colony of Fismish spi-iets who work in insuling a lace.

isis who were to inspire a late achool of Flemish expressionis Closed Monday. Ends Dec 31.

Musées Royaux d'Art et d'His-teire, Parc Cinquantenaire.

China, Heaven and Earth, 5,000 years of Invention and Discovery.

Both exhibitions end Nov 19

Chapelle de l'Ecole des B Arts. From Dürer to Base

(49.27.01.18). Ends Dec 31.

art. 14 rue Bonanarte

Brussels

go. A succinct but in

EXHIBITIONS

London

Ends Dec 11.

Ends Dec 4.

Paris

Dezso Ranki (piano). Hloch, Moz-art, Schönberg (Mon) (413 2490).

and a second property seems and a second of

Vredenburg, The Utrecht Conservatory Symphony Orchestra conducted by Kenneth Montgomery. with Maayke Rademakers (cello).
Watton, Elgar, Britten, Tchalkovsky (Mon).
Netherlands Philharmonic

Notherlands Philharmonic
Orchestra conducted by Gilbert
Verga with Dezso Ranki (piano).
Hoch, Mozert, Schönberg (Tue).
Concertgebouw Orchestra conducted by Nezme Jarvi, with
Jazo van Zweden (violin). Svendsen, Mendelssohn, Mussorgsky/
Persel (Turn) CH 5440. Ravel (Thur) (31 45 44).

Vienna The Chamber Orchestra of Burope, conductor Claudio Abbado, with Maria Joso Pires (piano). Schönberg, Schubert, mann). Senomers, Samuel,
Brahms. Musikverein (Fri).
Martin Haselboeck (organ). When
Modern Festival. Ligetl, and
Bach. Musikverein (Fri).
Austrian Television and Radio
Orchestra, conductor Pinchas
Statuburg, with Payner Rens. Steinberg, with Rainer Keus-chnig (plano). Debussy, Martinu, and Bizet. Musikverein (Fri). Paul Badura-Skoda plano recital. Schubert, Mozart, Ravel, Chopin. Musikverein (Sun). conducted by Pierre Boulez. Boulez, and Schönberg. Musikverein

(Tues). Gewandhausorchester Leipzig conducted by Kurt Masur. Reger, Brahms, Matthus, Richard Strauss, Konzerthaus (Wed).

Michele Campanella, piano playing Scarlatti, Chopin and Schumann, Teatro Olimpico, Piazza Gentile da Fabriano (Wed)

(393304). Leipzig Gewandhaus Orchestra conducted by Kurt Masur Conciliazione (Fri) (393304). Leipzig Gewandhaus Orc conducted by Pedro Ignacio Cald-eron, with Joshua Bell (voilin). Mozart, Manzoni and Shostakovich. Auditorium in Viz Della Conciliazone (Sun, Mon, and Tues) 6541044.

Hungarian National Symphony Orchestra conducted by Gianandrea Gavazzeni, with the Buda-pest Philharmonic Choir in Men-delssohn's Paulus Oratorio. Testro Allascala (Mon, Tues, and Wed) (8091266)

largely from collections in Bel-gium, China and Britain which illustrate Chinese innovations.

Closed Monday. Musée d'Ixelies, 71 rue Jean van Volsem, Bekrian Art Deco

1920-40. Daily 13-19.30. Sat and

Sotheby's (Rokin 102). As part

painting and portraits. Among the artists are Hampel, Heisig, Ebersbach, Tubke and Libuda.

Neues Kunstquartier, Gustav-Meyer-Allee 25. Ends Nov 20.

ary idea of the collage, discovered some years before in France. He had his own collage

method - choosing his material, cutting it, then filling in figures

from other pictures, overpainting

them and creating out of this a completely new picture. The starting points include wood engravings from the 19th century, trivial illustrations and

papers, though Ernst also used prints based on pictures by Giorgio de Chirico, Gustave Morean and Jean-Anguste-Dominique Ingres. His relationship with the French surrealists started in the 100th Erden started.

in the 1920s. Eighty pictures in this exhibition are to be seen

Museum für Volkerkunde. The miseum presents a collection put together from all over the world entitled. Two hundred years of Australia, 40,000 years of Australians.

Kunsilerhaus Christian art from the era of the Pollah kingdom.
Ends November 27.

Ends November 27. Secession The Austrian painter Walter Eckert is now on exhibi-

Secession The Austrian painter Walter Eckert is now on exhibition until November 20. Worth also seeing Gustav Klimt's famous Frieze now back in its original place.

Messepalast. Post war Austrian exhibiture include Alfred

sculptures include Alfred Hrdlicka, probably the country's

most celebrated artist. His work along with several of his contem-pories are on display for several

more weeks. Hermes Ville. Portraits by the

Albertina, Drawings by Alfred Hirdlicks, one of Austria's most controversial artists who man-

aged to divide public opinion on plans by the City of Vienna

the second world war. beside being wonderfully outspoken in a country which habitually prefers public consensus and runs shy of its more immediate

past, Hrdlicka is best appreciated for his sculpture. He is at present

finishing work on the memorial, which will be sited just across from the Albertina, Ends Nov

to build a memorial to those who fought in the resistance during the Second World War. Besides

fin-de siècle artists, Gustav Klimt and Emilie Floege. Ends Feb 19.

for the first time. Kunsthalle Philosophenweg 76. Ends Nov

Tubingen

liam's chief architect, D Marot. Ends Nov 22.

Sun 10-17.00. Closed Monday.

New York

Vienna Chamber Orchestra, con-Vienna Chamber Orchestra, conducted by Phillippe Entrement.
Haydin, Britten, and Mendellasohn. Carnegie Hall (Tue).
State Symphony Orchestra of the USSE, conducted by Yevgeny Svetlanov, with Oleg Kagan (violin). Tchalkovsky, Svetlanov, and Rachmanianu. Carnegie Half (Thur) (247 7300).

and Rachmanian. Cathogae dan (Thur) (247 7800). New York Philiparmonic con-ducted by Zubin Mehta, with Joaquin Achucarro (piano). Moz-art, Rachmaninov, Besthoven. Avery Fisher Hall, Lincola Cen-ter (Tue). ter (Tue). New York Philharmonic con-

New York Philharments con-ducted by Leonard Bernstein, with Krystian Zimerman (piano). Bernstein, Ives, and Del Tredici. Avery Fisher Hall, Lincoln Cen-tre (Thur) (739 5555). Gnarneri String Quartat. Barber, Janacek and Schubert. Kauf-mann Hall (Tue, Wed) (427 6000). Waverly Consort directed by Michael Jaffee. The 14th century syant garde, Avery Fisher Hall, avant garde. Avery Fisher Heil. Lincoln Center (Thur) (362 1911). Meridian Aris Ensemble. Bress quintets by Handel, Hindemith, and Ewald, Juilliard Concerts at IBM Atrium (Wed. mat, 12.30, Tree).

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National Symphony Orchestra conducted by Kaztryoshi Akinitsu, Bartok, Saint - Saens, Mussorgsky - Ravel. Concert Hall, Kennedy Center (Wed) (254 3776).

Chicago Susan Landale, organ recital. Bach, Vierne, and Messiaen. Orchestra Hall (Mon) (435 8122).

Chicago Symphony Orchestra, conducted by Neema Jarvi. Haydn and Lloyd. Orchestra Hall Thur) (435 8122). Tokyo Bayerisches Staatsoper, gala concert conducted by Wolfgang Sawallisch. Wagner. Suntory

Sawainsch: Wagner: Suntusy Hall (Wed) (505 1001). Philhermonische Streichersolis-ten: Mozart, Bach, Hüdemith, and Schönberg. Casals Hall (Wed) (449 8451). NHK Symphony Orchestra conducted by David Atherton with dicted by David Atheron win Andreas Blau (fluis). Britten, Ibert, Rachmaninov. NHK Hall (Wed, Thurs) (465 1739). Kurt Moll with Cord Garben (piano). Schubert, Brahma, Men-delssohn and Schumann. Kan'l Holten Hall, Gotanda (Thurs) (0425 22 3929). Music:

Venice

Museo Correr a la napoleonica: Giorgio de Chirico (1888-1978): a major retrospective organised jointly by the Galleria Nazionale d'Arte Moderna in Rome and the Giorgio de Chirico Founda-tion to celebrate the centenary of the painter's birth. On show or the panner's brut. On show are over 150 works from public and private collections, including the Metropolitan and Guggen-bein in the USA, and the Pompidou in Paris, by a painter declared dead in the 1920s by Andre Breton, author of the sur-

sothery's (Rokin 102). As part of the William and Mary tercentenary celebrations Sotheby's is showing a wide range of objects from the period — paintings, furniture, silver and Delft tully vases. The centreplace is a reconstruction of a 17th centre of the part of the centre of the realist manifesto, who disliked his change of style from meta-physical to poetic. Ends January 15. Boloma tury bedroom containing the? royal bed after a design by Wilnathe? isit.

Pinacoteca Nazionale and Museo Archeologico. Guido Rani. (1575-1642). A spiendid collection of paintings by the Bolognese mannerist painter, the first to bring the concept of physical beauty into sacred art. His depictions of the Virgin Mary have books and temperament which Time Comparison 1988. Thirteen painters, spanning three genera-tions, present the East German art scene in the 1980s. This exhi-bition concentrates on figurative looks and temperament which recall Thomas Hardy's tragic heroines. The paintings come from major Italian and foreign museums. Many have been restored for the occasion (such as the remarkable Massacre of the Innocents), and some have not been on public display for many years. The Triumph of Job (also newly restored) had been hidden in the right-hand bell-tower of Notre-Deme in Paris Max Ernst (1891-1976) Colleges. -Max Ernst (1891-1976) Collages.
The exhibition shows 200 collages from dadaist and surrealist period. In 1891 Max Ernst decided to develop the principle of the collage. He was already a leading member of the Cologne Dada-Movement, founded by the Zurich painter Hans Arp. Ernst was seeking a new style of painting and latched onto the revolutionary idea of the collage, discov-

since 1797. Until Dec 8. **New York** Metropolitan Museum of Art. An exhibition of architecture An exhibition of architecture on paper covers four centuries of drawings including works by Frank Lloyd Wright, Louis Comfort Tiffany and Arata isozaki, as well as the west facade of the Albambra that dates back to 1580. Ends Jan 8. Metropolitan Museum. The first major Degas retrospective for over 50 years has 300 paintings, sculptures and drawings cover-ing the artist's entire career and various interests, from early classical motifs and stiff portraits to the ballet studios and washerwomen that freed his imagination. Ends Jan 8,

Chicago

Art Institute. Paul Gauguin. The artist's first major retrospective for 30 years includes more than 230 objects and paintings from all the periods of his exotic and far-flung life. Ends Dec 11.

Mashington

National Gallery. The largest show of Michelangelo's drawings ever mounted in the US linstrates all the principal phases of his artistic development, divided into sections on draughtsmanship and architecture. The nearly 100 drawings include studies of the Sistine Chapel ceiling and his two major architectural projects, the facade of the church of San Lorenso in Florence and the drum and dome of St. Peter's Basilica in Roma, Ends Dec II.

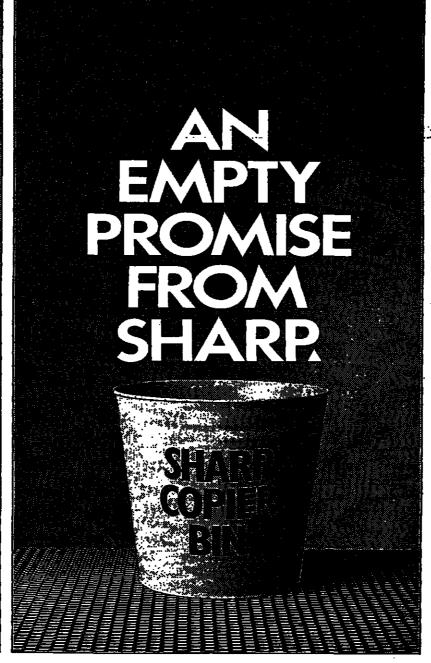
National Gallery. Seven Centuries of Japanese Art, as it evolved under the feudal daingo lords is the subject of a major exhibition of 450 specially designated Japanese national treasures, including paintings, scripture, swords, painted scroils, ceramics, robes and lacquer.

Tokyo

Ends Jan 23

Nerima Museum. Japanese Abstract Sculpture. Of all forms of contemporary Japanese art, it is sculpture that has received the most interntional attention the most interntional attention and recognition. This exhibition focuses on the formative years of abstract sculpture from 1945 to 1960. Closed Tuesdays. Telen Museum. Paintings by Leonard Fullta. Fullta (1886-1966) was one of the first Japanese Continued on page 18 inned on page 19





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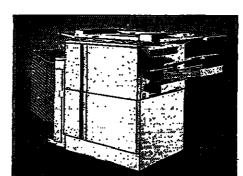
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2. 170 h

Hispanic colours pinned to the mast

both boldly go where too few American films have gone before. They set out to change Hollywood's record of running scared from ethnic subjects

and characters. For most of its history, Tin-For most of its history, Tin-seltown's creative compass has swung unerringly towards "white Anglo." The few films that swing the other way tend by their very isolation - to coalesce into ghetto-genres, like yesteryear's black cop movie (Shaft and its ilk). Mean-while Los Angeles's own larg-est ethnic population, the Spanish/Latin community, has had barely a look in. Of recent han barely a look in. Of recent films, La Bamba was tuneful but empty-headed; and The Milagro Beanfield War, though boasting Hispanic context and characters, ended up a radicalchic eco-fable by a white director (Robert Redford).

tor (Robert Hedford).

Now we have a gang-war thriller, Colors, and a class-room morality tale, Stand And Deliver, and Hollywood, it seems, is trying to make amends. Colors is the snapped up \$50m at the US box-office. Actor-director Dennis Hopper, who for twenty years has sialomed between the roles of boy wonder and enfant terrible. wonder and *enfant terrible*, directs his first profit-making movie since Easy Rider.

The subject is near-to-foolproof: today's gang wars in L.A., with their wave of vendettas, "drive-by" shootings and cocaine-trade killings. But Hopper and screenwriter Michael Schiffer deserve marks for neither continuously lights. neither sentimentalising nor totemising the gang members (largely Hispanic). They emerge as quirky, credible, red-blooded, volatile: products of a short-fuse subculture whose gunpowder frustrations grow as much from poverty and social alienation as from

"panic" out of Hispanic? Colours and Stand And Deliver with short by cameraman Haspanic? Colours and Sean Penn flex all available acting muscles as the cop partners in an anti-gang crack-down force. But they are scripted as the oldest movie double-act in history: the philosophical old-timer (Duvall) and the hot-headed rookie (Penn). the hot-headed rookie (Pean). We know, sure as crack is crack, that Penn will go barmy and exceed his duties. And we know that Duvall — one year from retirement and with a lovely wife and kids — will catch a stray bullet before final fade-out. At the end the violins are all but playing, and the reality of the Hispanic charac-ters is all but forgotten in the unreality of the Anglos.

> Stand And Deliver is The Blackboard Jungle gone ethnic. Writer-director Ramon Menen-dez takes a true story: how in 1982 a Los Angeles high school teacher, Jaime Escalante, pushed a class of backward Puerto Ricans through the brain barrier and into passgrades on Advanced Calculus.
> (George Bush named Escalante
> as one of his "heroes" in the
> second TV Presidential
> debate.) The movie's message
> is loud and clear. Instead of rolling around at the bottom of life's barrel, all our ethnic youngsters need in order to climb free is a firm and caring

Well, yes: given the right context. If anyone had suggested a spot of Advanced suggested a spot of Advanced Calculus to the youngsters in Colors, he would probably have received a spot of advanced brain damage. But Stand And Deliner, earnest and messianic, stands firm and delivers. Edward James Ohmos jettisons his transce and estimations. his toupee and asthmatic-zom-bie act from Miami Vice and is a superb Escalante. With singsong Mexican accent, elastic gestures and the kind of try-anything teaching tricks I have innate aggression.

It is the whites, ironically, who are cliches. Between the chase scenes, showdowns and believe that the quest for learn-

COLORS Dennis Hopper, Michael Schiffer

STAND AND DELIVER Ramon Menendez

TAFFIN Francis Megahy, David Ambrose

THE LIGHTHORSEMEN Simon Winchester

SHOTDOWN **Andrew Worsdale**

LONDON FILM FESTIVAL National Film Theatre

ing can be a force for peace. And the kids, though given a small charisma injection for Hollywood packaging, are credibly fractions before becoming - almost credibly - mini-Ein-

Elsewhere this week we are in the land of tosh. Only a sadist would detain you long with Taffin, The Lighthorsemen or Shotdown. The first, scripted by David Ambrose and directed by Francis Megahy, is a loopy Irish thriller with Pierce Bros-nan as a Robin Hood hero subjecting evil property developers to violence, humiliation and worse. The plot is potty and the dialogue ("I couldn't find one set of balls between the lot of you" set) could strippely of you" etc.) could seriously damage your health. The Lighthorsemen cele-

brates Australian bravery in World War 1, when 800 mounted Aussies charged a Turkish-German stronghold at Beersheba in Palestine. The

Philomele "That Way." Oh dear. He cuts out her tongue and reports her death. But

Philomele joins the least of the Bacchanies; and the women line up in solidarity. The sisters kill Tereus's son, but surprisingly depart from the

myth (and the Titus Androni-

cus connection) by not baking the boy in a pie for dad's

Good new scenes include

Philomele's attraction for

Tony Armatrading's sea captain, a resigned Niobe (Jenni George) advocating submission, and Marie Mul-len's drained Procne contem-

plating a loveless marriage.

The experience of Philomele is also charted as a progression from girlish inquisitiveness to

a victim's disgust, hardening into action when Katy Behean, angrily silent, re-enacts the

atrocities with orginatic dum-

ingeniously explores the bald facts of the myth with a sensitive application to con-temporary feminine sensibili-

ties, but the stage language, the action itself, does not

Michael Coveney

The writing sometimes

thirty deaths and much acclaim. Director Simon Wincer stages a grand charge: the horses fly over your head, snort in your ears and kick dust in your popcorn. But the preceding 90 minutes, shot in tones of distressed khaki and bandying a set of trite, senti-mentalised characters, is a dif-

mentalised characters, is a dif-ferent and sedative story.
Worst of the week is Andrew
Worsdale's Shotdown. Made in
secret in South Africa, this
amateur-night spoof on apartheid and totalitarianism – in
which a Botha government spy
sets out to nobble a township
theatre group – has little plot,
little shape and no wit. My
notes on the back of the Press
hand-out read: "Coffee, margahand-out read: "Coffee, margarine, milk, marmalade . . . " When in despair, keep your brain alive by writing out your shopping list.

Or, abandon the commercial cinema altogether and visit the London Film Festival. Launched last night, the event swings into week one with a varied mob of movies, of which alert you to the following. Hotel Terminus; The Life And Times of Klaus Barbie

And Times of Klaus Barbie (Friday November 11). Marcel Ophuls, director of The Sorrow And The Pity, stages another marathon sleuth through French wartime history. Once again the quarry is less the occupying Nazis than the collaborators and cover-up artists who allowed the "Butcher of Lyon" to live and thrive, and finally to scoot off the South finally to scoot off the South America. Ophuls's doorstepping interview technique is brilliantly unsparing: so is the

*Directed By Andrei Tarkovsky" (Friday 11th). More sleuthing. Documentarist Michal Leszczylowski, a man whose surname makes Advanced Calculus seem easy, pursues the elusive essence of the great, late Soviet director. Fascinating footage on and off the set: words of runic wisdom

Salaam Bombay! (Saturday

12th). Mira Nair won the Cannes Camera d'Or for this first feature set in the Indian city of rags and riches. Mawkcity of rags and riches. Mawk-ishness sometimes threatens this tale of a 10-year-old coun-try boy living on his wits in a world of thieves, drug-dealers and prostitutes. But the movie, shot in the hurly-burly of real streets and alleyways, has a flares picaresque compassion. fierce, picaresque compa

The Commissar (Sunday 13th). Banned under Brezhnev, Aleksandr Askoldov's mini-masterpiece was hauled off the shelf during the recent glasnost initiatives. The title heroine is initiatives. The title heroine is a pregnant army officer who shelters with a Jewish family during the post-Revolution upheavals of the 1920s. Mixing drama and comedy, prankishness and lyricism, Askoldov's film is the best of all the recent USSR re-discoveries.

A Short Film About Killing

A Short Film About Killing (Monday 14th). Watching this Polish movie is as comfortable as having your teeth drilled. But Krzystof Kieslowski's truth-based murder story -based on the brutal, motiveless killing of a taxi-driver by a young man - is searingly intelligent. Shot in mono-chrome and eschewing cosy humanist messages, it sees both the killer and the state apparatus of capital punish-ment as manifestations of a vast, blind, tragic inhumanity. An In Cold Blood" for the Iron Curtain: 82 minutes that mark

The LFF's first week also boasts its two annual animation sprees: best from Britain and best from the world. Britain yields new feature films from Nicholas Broom-field, Phil Mulloy and Franco Rosso. And there is a fine cluster of films from the Far East: Lino Brocka's Macho Dancer (Philippines), Zhang Zeming's Sun And Rain (China), and Fred Tan's plush dynastic melodrama from Taiwan, Rouge Of The North. Book now while seats and your stamina seats and your stamina

Nigel Andrews



Richard Angas and Andrew Shaw

New Glass opera

COLISEUM

This a clear-cut case of an opera (or "opera") in which the burden is carried just as much by the librettist as by the composer: here respectively Doris Lessing and Philip Glass, whose joint work *The Making* of the Representative for Planet 8 had its European première at the E.N.O. on Wednesday. Mrs. Lessing's text is drawn from her own novel. If that's the kind of story you like, there can be no doubt that she tells it well — at the glacial pace required by the Glass method, apt enough for a global icefreeze epic. Glass has pru-dently left much of the text to be spoken, though prudence begins to look like pusillanimity when it comes to having the huge final monologue merely declaimed over orotund orchestral cadences.

Fortunately, that monologue goes to the baritone Andrew Shore, whose artfulness and forceful clarity as Doeg are an inestimable asset to the whole performance. Doeg is the memory-maker and storyteller" of the cosy agrarian community of Planet 8, a 1960s-ish bunch who enjoy an unending fruitful summer. They play and laugh apprecia-tively with each other, for all the world like caring playschool teachers who know they're on television (or like Akhnaten's idyllically dim aco-lytes in Glass's previous opera). The planet is benevolently run from Canopus, a larger neighbour, and from time to time a Canopian magus drops by to see how things are getting on.

Johor (the bass Richard Angas: natural casting) comes to announce an imminent Ice Age, indeed the death of Planet

8 and - though this takes longer to sink in - of all its peo-ple. At the close of Act 1 they are building a giant wall against the ice, as directed. Act 2 finds them hungry, morose and fretful about their unaesthetic winter clothing, and there are reports that some have taken to bashing each other about. By now the tribal functionaries (Storyteller, Herdkeeper, Guardian of Health and so on) have turned out to be "representatives" of the community on an elevated spiritual plane (not to be confused with the Canopian space shuttle), and they induct the two juvenile leads into their selfless elité.

Here there begins to be increasing play with notions of transferable, eternal identities and the mysteries of particle physics. In Act 3 these take over, once the tenor juvenile (Christopher Gillett, virile and lyrical) has slipped fatally on the ice during an expedition to find nourishing blue flowers. His bereaved soprano (the dis-armingly eager Lesley Garrett) is prompted by Johor to deep ponderings upon what it is to be a "representative," and all the representatives develop the theme - verbally - while the tribe treks fatalistically northward to death, dematerialisation and transfiguration; all for one and one for all, as the Representative for Planet 8.

The seven other individual representatives are effectively sung, though Minoru Domberger's production (staged here by Harry Silverstein) makes nothing special of their various functions. The designs, by Domberger and Eiko Ishioka, homeland, a stark wall, 3-D bits of glacier, and for the expedition a whole trompe-l'oeil winter vista. The herd of

Arctic beasts who thunder through the wall in Act 2 remained disappointingly invisible - by then we could have done with a solid visual coup - just as the guilt-ridden catching of the sacred fish was done without fish (plenty of luminous blue flowers,

Johor wears Star Trek gear, everybody else black Japanese wigs with bamboo ornaments (the men's disappeared myste-riously for Act 3), unisex tunics, odd cushions and ruched leggings, with winter capes which drape too elegantly to justify their wearers' sniffy complaints. David Her-sey's gloriously shameless lighting-effects carry a large part of the show: the storms recall the best days of silent

And the music (efficiently run by Michael Lloyd)? Well, it does all the things Glass's devotees will expect it to do: keep a steady, insistent beat, repeat simple tags and reassuring cadences ad infinitum with variation but no development, twinkle with up-and-down arpeggios (doubled on piccolo for significant passages), mark each dramatic juncture with a modulation as subtle as the key-change for the last reprise on a pop single. In a couple of melting Puccini-esque inserts, Glass's raw orchestration (much publicised as daringly unsupported by synthesisers, for once) risks invidious comparisons. As honest mood-mu-sic, not to be too carefully heard, the score works well enough; but the trick of keep-ing all those rotating cadences tonally just off-balance, withgive us a severely simple out actually going anywhere else, pays diminishing returns.

David Murray

The Love of the Nightingale

Wednesday's premiere of Timberlake Wertenbaker's new play, a modern animation of the Philomele legend, was the last such Royal Shakespeare Company occasion. We trooped out after 90 minutes into a dank and balmy Stratford night of soggy leaves and serie riverside echoes as the transformed rape victim sang to her dead nephew accompanied by a flute. All very sad, very down-

It has become increasingly difficult for the RSC to whee-dle a performing licence out of the local authorities for a venue that palpably does not conform to the highest safety standards. But which valuable little theatre ever did? The closure is a tragedy, and plans to re-open another Other Place in the immediate environment in 1990 do not guarantee the indefinable magic that has informed the McKellen/Deuch Macbeth, Alan Howard in The

The Other Place opened in Stratford upon Avon in 1974 in the melancholy circumstances of Trevor Nunn ushering in John.

Forest, Cheryl Campbell in A sheard Terena declares he is Phedra and that he loves of Trevor Nunn ushering in John.

of Trevor Nume ushering in Ben Kingsley's Hamlet after the atmospheric Nissen hut's and died.

The doors will be closed for ever next January, and writers have rarely done their hest work in it. The place has been a forcing house of classi-cal reappraisals and a dynamically intimate acting style that has threatened to overwhelm the rhetorical requirements and challenges of the main

> ice and awkwardly dispessionate choruses, Wertenbaker poses questions about myths that she can only answer by recounting the grim tale itself as recorded in Ovid's Metamorphoses. Proces's husband, Tereus, the King of Thrace, abducts and rapes Proces sister, Philomele, on a voyage

The lust poison, Wertenbaker suggests, has taken hold at a performance in Athens of a Hippolytus play, the most inventive passage in Garry Hynes's halting and rather precious production. They don't have plays in

Peter Lennon's faintly

Siobhan Davies RIVERSIDE STUDIOS

Though Siobhan Davies has

not danced onstage since 1983, memories of her dancing do not fade. Most of Davies's career has been spent with her parent institution, London Contemporary Dence Theatre.
She also helped establish and
work with smaller groups and
now she has formed the Siobhan Davies Company to develop her own choreographic style, which had its first per-formance on Wednesday. "Lyrical" is the easiest adjec-

tive to apply. Davies puts emphasis on the richly tipping upper body, which the heavy-heeled legwork serves mainly to anchor. Academic dance vocabulary is employed, canonical rigour avoided. In these respects, this dancing is a British counterpart to the Trisha Brown manner. The differences lie in Davies' more marked use of the floor, in her more marked use of large gesture and extended line, and in her

work's generally slower tempo. Seeing all these qualities again I admired once more their gentle authority. The voice heard in Davies's best works has the quiet power of a woman who can speak her own mind without strain or edge. But in none of her work since the 1984 New Galileo has this held my attention long. What I

of old England by the spivs and

opportunists. A genuine classic

saw on Wednesday was the sil-houette of what I used to admire.

There was variety. Wyoming is a calm, spacious study in atmosphere, its tone achieved first by a sequence of slow solos for each dancer; White Man Sleeps, a brisk ensemble, is a detailed response to the workings of Kevin Volans's essential texture changes little Body-shapes and groupings recur from previous Davies choreography; more irritat-ingly, certain gestural motifs - such as the hands tracing a snout before the dancer's face - become clichés while you

unflattering cut and colour of the costumes by David Buck-land. In White Man Sleeps the dancers wear wide waistbands over leotards and baggy leggings; the slender Lauren Pot-ter is made to look rotund, while Paul Douglas might be taken to be wearing a skirt.

Potter and, in Wyoming, Gill Clarke were the best exemplars of the idiom. Watching them, I saw threads of drama and intimations of landscape. Douglas, like them, kept enlivening the

Both works suffer from the

tions. Elsewhere, all was dutiful diagram. Alastair Macaulay and voluptuousness would

material with personal inflec-

Armistice Festival

ELIZARETH HALL

In the the "Armistice Festival" a paradox within the arts is being suggested. While the poets of the Great War consistently bring the reality of war before our eyes, there is little that is comparable in its force from the composers caught up in the same events.

The festival has concentrated on Magnard and Grana-dos, both of whom were killed, and it was their music that featured on Wednesday night: not probing or difficult pieces, but music whose very amplitude

seem to belong to another era. The two works both held interest, though, for neither is heard at all often.

The performance of Mag-nard's Sonata for Violin and Piano was said to be a UK première. Mention of both instruments in the title of this piece is essential, because this is a sonata with aspirations towards being a concerto and the piano part is vast and complicated. Orchestral textures are at work here and it is important that both violinist and pianist should approach the score with a suitable range of colour and scale in mind.

To that extent the violinist Augustin Dumay and Leslie Howard, as accompanist, were well matched. Dumay's

strength. Too often this music seemed to me to lack genuine character, substituting a vague lyricism for real tunefulness and short bursts of energy for keenly-argued, cumulative excitement; but at every turn Dumay communicated a purpose in what he had to play Before the interval Leslie Howard had not quite achieved the same for Granados's Goyescas, but he did deliver a difficult score with commendable composure and lucidity. The luxuriance of this piano-writ-ing, with its endless rush of notes saturating every minute of the score, is quite remarkable and it is perhaps fortunate that the chance to hear the work in its full 55-minute entirety is an indulgence that

playing, in particular, was a model of interpretative

Richard Fairman

does not come round often.

ARTS GUIDE

artists to live and work in France and his arrival in Paris in 1913 coincided with the first flowering tive selection of 40 oil painting is drawn from all periods of his long career. Closed Mondays.

Measure For Measure (Barbican). Pick of the RSC London reperrick of the KSU London reper-toire, a gripping revival by Nicholas Hyther, strongly acted, with withy design references to Lloyds of London and the Pompi-dou Centre in Paris (638-8891). Nov 4.5.11-15. The Secret Repture (Lyttelton).

Brilliant new David Hare piece for the National Theatre, a satiri-cal but moving romance on life, love and family politics in Thatcher's Britain. The play of the year (928 2252, cc 240 7200). Rasy Virtue (Garrick). Transfer Rasy Virtue (Garrick). Transfer of King's Head revival of early Noel Coward, same period but lesser vintage than Hay Fever, but worth seeing (379 6107). South Pacific (Prince of Wales). Average, traditional revival of the great Rodgers and Hammer-stein musical, with Gemma Cra-ven failing to wash the baritonal Emile Belcourt out of her hair Emile Belcourt out of her hair (839 5989). The Phanton of the Opera (Her Majesty's). Spectacular, emotion ally nourishing new musical by

Andrew Lloyd Webber (839 2244, credit cards 379 5131/240 7200). Follies (Shaftesbury). Eartha Kitt and Milicent Martin now decorate Mike Ocknent's strong revival of Sondheim's 1971 musical, in which poisoned marriages pe

nearly undermine an old bur-lesque reunion in a doorned thestre (379 5399). The Admirable Crichton (Hay-market). Rex Harrison and Edward Fox in enjoyable revival of Barrie's imperishable comedy of class barriers and reversals on a desert island (930 9832, CC 379 4444). 379 4444).

Dry Rot (Lyric), Brian Rix returns to the stage after an absence of 12 years in a 1950s farce that prefigures the capture

(857 3000). Bartholomew Fair (Olivier). Suc-cessful Victorian transposition of Ben Jonson's sweaty masterniece with ferris wheel fairpiece with ferris wheel fair-ground setting and much zanily eccentric acting in Richard Eyre's National Theatre com-pany. (928 2252). Nov 17-19, 26-29, Dec 3-10.

The Shaughraun (Olivier). Rec-ommended Christmas treat, as Boucicault's melodrama is given the full scanic works but is also revealed as a key Irish dramatic

437 3686).

me run scentic works but is also revealed as a key Irish dramatic milestone. Fine National Theatre cast led by Stephen Rea. (928 2252). Dec 17-23, Jan 5-10, 19-21. Rrigadoon (Victoria Palace). 1947 Lerner and Loewa "heather-scentad" Scottish fairytale hit is handsomely revived and wa? scenesic scottes rairycale not is handsomely revived and well sung, less frail than expected. (834 1317, cc 836 2426). The Sneeze (Aldwych). Right short Chekhov pieces — four vaudevilles, four early stories is revealed by the proposed and plantage by indevilles, rout sally better by translated and adapted by Michael Frayn and performed in various styles by Rowan Atkinson, Timothy West and Cheryl Campbell. Slightly rewarding, intermittently funny (836 5404, CC 379 8233). Sugar Bables (Savoy). Mickey Rooney and Ann Miller repeat Broadway roles and exhibit sta-

Amsterdam

Stadsschouwburg. The English Shakespeare Company closes its Dutch tour of the Wars of the Roses with Henry V (Fri), and on Saturday: Henry VI, Lancaster (10.30 am) and York (3 pm), and Richard III (7.30). (24 23 11).

New York

Cats (Winter Garden). Still a sell-out, Trevor Nunn's produc-tion of T.S. Eliot's children's poetry set to music is visually startling and choreographically

feline (239 6262). A Chorus Line (Shubert). The longest-running musical in the iongest-running musical in the US has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emptions (239 6200).

emotions (239 6200). Les Misérables (Broadway), The

Les Misérables (Broadway). The magnificent spectacle of Victor Hugo's majestic sweep of history and pathos brings to Broadway lessons in pageantry and drama (239 6200).
Starlight Express (Gershwin). Those who saw the original at the Victoria in London will barely recognise its US incarnation: the skaters do not have to go round the whole theatre but do get good exercise on the soruced-up stage with new spruced-up stage with new bridges and American scenery to distract from the backneyed pop music and trumped-up, silly

Me and My Girl (Marquis). Even if the plot turns on ironic mimicry of Pygmalion, this is no classic, with forgettable songs and dated leadenness in a stage full of characters. It has nevertheless oved to be a durable Broadway

M. Butterfly (Eugene O'Neill). The surprise Tony winner for 1988 is a somewhat pretentious and obvious meditation on the true story of the French diplomat whose long-time mistress was a male Chinese spy (246 0220). Speed-the-Plow (Royale). David Mamet applies his biting sarcasm

and ear for the exaggeration of American language to Holly-wood, in this screamingly funny and well-plotted expose of the film industry (239 6200). Phantom of the Opera (Majestic). gilded sets, Phantom rocks with Andrew Lloyd Webber's haunt-ing melodies in this mega-trans-fer from London (239 6200).

Kabuki, performances at 11am

Tokyo

and 4.30pm. The mixed morning programme includes a seasonal piece, Momoji Gari, or The Maple Viewing Party, featuring a spectacular transformation of a woman into a demon. In the afternoon renormance, Kotothe afternoon programme, Koto-buki Soga no Talmen, or the Soga Brothers Confront their Enemy, a tale of vendetta is written and performed in the bom-bastic, highly theatrical "ara goto" style. Among the artists appearing this month is 71 year old "living national treasure", Nakamura Utaemon, who spe-cializes in female roles. Excellent programme and earphone com-mentary in English. Tickets available for a single act. For details, enquire at the theatre. Kabuki-za. Ends November 25 (541 3131). Kabuki (National Theatre) (265

7411). A mixed programme, which includes Kirl Hitosuha, a "new" kabuki play written in 1904 and the classic Migawari Zazen (The Substitute), about a young lord who escapes from his jealous wife to visit his mistress. Unfortunately for him, his wife's vigilance is more than he had counted on! English language programmes and earphone commentary. Performances at 12 noon and/or 5pm. Ends

SALEROOM

Contemporary art booms

re-election of a Republican record was the £1.16m for Roy president on Wednesday night Lichtenstein's "I can see the with the most extraordinary sale in the history of Christie's in New York. It was disposing of just 32 lots of contemporary art collected by the late Burton Tremaine and the basis of the "Miller Company Collection of Abstract Art," one of the first examples of corporate art patronage. They sold for \$25.8m (£14.35m), a record for any contemporary art auction.

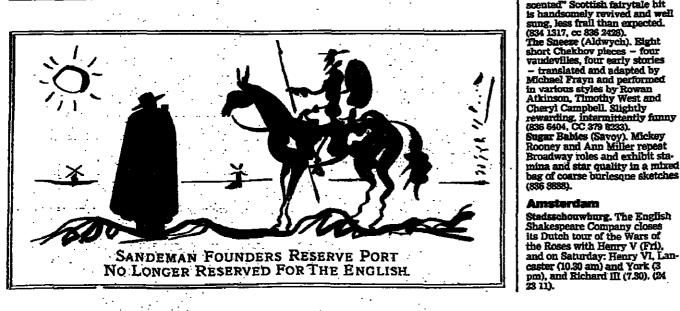
All the top lots set record prices for the artists. Jasper John's "White Flags," painted in the late 1950s, sold for \$7m (£3.9m), a record for any work of art by a living artist, beating Johns' own record of \$4.1m set at Christie's in the summer for "The Diver." It was bought by Hands Thulin, a Swedish financier, and sold just above esti-

"Frieze" by Jackson Poliock made £3.12m, a record for any abstract expressionist work while "Number 8," a 1952 painting by Mark Rothko sold for £1.5m. "Lehigh," a black and white abstract depiction of the coal country of artist Franz Kline's native Pennsylvania

The art market celebrated the sold for £1.38m and yet another whole room . . . and there's nobody in it," one of his first pop art canvases using cartoon imagery. Another record was the

£256,666 which secured for Citi-bank Arts Advisory Service "The Great American Nude VIII" by Tom Wesselmann All the pictures sold, a most remarkable achievement in a sector which until recently was subject to great fluctuations in demand. In the past two years the best American paintings of the post-War period have become among the most expensive works of art in the world. These events rather over shadowed Sotheby's medal sale in London. The VC awarded to Lt Commander lan Fraser for his bravery in operating a midget submarine in 1945 was unsold, but acquired afterwards for £33,000. The medals of Group Captain Peter Townsend, Battle of Britain ace who had a famous romance with Princess Margaret, sold for £22,000 to a Canadian.

Antony Thorncroft



FINANCIAL TIMES

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Friday November 11 1988

A failure of management MR DESMOND FENNELL'S started on

report on the fire at King's Cross Underground station last year paints a quite shocking picture of managerial incompe-tence at London Underground and its parent organisation, London Regional Transport The incompetence took a variety of forms, but each contrib-uted to the disaster which killed 31 people and maimed many others.

The first and most obvious shortcoming was in staff training. The staff response on the night was "unco-ordinated and haphazard," says the report. Nobody had any idea how to react in an emergency. No member of London Underground, for example, was present in the control room at King's Cross - the communications nerve centre - when the fire broke out. The public address system was not used. Not a single drop of water was applied to the fire for 15 minutes after the alarm was raised. There was no evacua-tion plan. The police were left to call the Fire Brigade who had to work without maps of the Underground station.

The second shortcoming lay in the maintenance of equipment. The casual traveller on the London Underground will notice that the trains and sta-tions are in poor condition and often extremely dirty. Dirt can kill. Mr Fennell notes that "the circumstances in which the fire could develop all arose from the condition of the escalator on that night." dropped match would not have led to a fireball but for an accumulation of grease and detritus on the running tracks of the escalator. Examination of burn marks showed that fires had started on "many previous occasions" – in other words people could have lost their lives on many other occasions. As important as poor training and dirty equipment, however, were managerial attitudes towards safety. London Underground took the view that fires were "inevitable." It had no policy of prevention, per se, but hoped that with "passengers and staff acting as fire detectors there would be sufficient time to evacuate pas-sengers safely." Specialist safety staff were in junior positions. No one person was charged with overall responsibility for safety. London Regional Transport, the parent body, monitored the Underground's finances but not its safety procedures, which it regarded as a matter for the

The Fennell report concludes that lack of money was not a direct cause of the disaster. But an emphasis on cost-cutting and low overall invest-ment may have helped create a climate in which corners were cut. It can be difficult to moti-vate staff at all levels in such circumstances. Many specific reforms will doubtless be introduced as a result of the inquiry. But nothing short of a root-and-branch managerial upheaval is likely to satisfy the travelling public. A year after the fire, the Underground still seems chronically inefficient: there is no sign of a "serve the customer" ethos. Passengers can shun an atrine which has a poor safety record. But millions of Londoners have to use the Underground, however dangerous and unsatisfactory the service. That puts a special responsibility on its managers.

operating company.

A valid reference

FIERCE COMPETITION and managerial excellence are not the qualities that immediately spring to mind in the context of the British brewing indus-try. Indeed, any Thatcherite politician who firmly believes in competition might be expec-ted to give a warm welcome to an acquisitive Antipodean entrepreneur who has already done a fair amount to shake up the brewing establishment. Why, then, has Lord Young chosen to refer the bid by the Australian group, Elders IXL, for Scottish and Newcastle Breweries to the Monopolies

Coming after the surprising referral of the Minorco bid for Consolidated Gold Fields there is bound to be renewed suspi-cion that merger decisions are becoming increasingly politicised. This was, after all, a bid which aroused the passions of the Scottish lobby; and the Confederation of British Industry has been much exercised this week about the snate of foreign takeovers of British companies. But the Elders reference can plausibly be defended on the entirely proper grounds of competition.

Elders already owns Cour-age, a brewer whose strength lies in the south of England. It argues that by putting Courage

together with the geographi-cally complementary Scottish and Newcastle, there would be more competition for Bass, Britain's biggest brewer. While there may be force in the argument, any competition watch-dog could hardly ignore the fact that the new combination would have more than a fifth of the market in an industry that is vertically integrated from the production process to the retail outlet. It would also have the biggest tied estate; and the Office of Fair Trading was reluctant to see this dea go through unquestioned before the completion of the Monopolies Commission's current enquiry into the tied sys-

The legislative framework for mergers policy, including the loose definition of the pub lic interest and the excessive discretion in the hands of the Secretary of State for Trade and Industry, remains wholly unsatisfactory. But in this case there are reasonable grounds for a reference. Elders will have to convince the commis sion that the takeover will enhance rather than reduce competition. Judging by its buying spree in the market yesterday, it has every confi-dence of doing so.

Arafat's strategy

Palestine National Council which opens in Algiers tomor-row marks a critical moment in the Palestinians' long struggle to secure a homeland. Early next week, the Pales-

tine Liberation Organisation's highest decision-making body plans to take the symbolic step of unilaterally declaring an independent state with Jerusalem as capital. Much rhetoric will be heard to the effect that the uprising in the Israeli-occu-pied West Bank and Gaza Strip has put the Palestinians on the road to realising their national aspirations.

But proclaiming such a goal is not the same as securing political progress towards it. The real task facing the PNC - and more urgently than on previous occasions — is to develop a realistic strategy to remove at least some of the obstacles in the way of a revived Middle East peace process. This will require unequiv-ocal decisions on issues which the PLO has always fudged in

the past.
Above all, Mr Yassir Arafat, the PLO chairman, and his colleagues will need to retain a clear idea of exactly what audience they are trying to address. The immediate target should not be Israel, but the new Administration in Washington, which may just be receptive to a fresh approach to the Arab-Israel conflict now that the election is out of the

way. The sensible course has already been set out by several of Mr Arafat's close associates, most eloquent among them Mr Salah Khalaf. Writing in the Kuwaiti newspaper Al-Qabas last month, he argued that the

Palestinian uprising highlights the need for negotiations, that "recovery of any part of our land" would bring the PLO a much-needed political gain, and that to achieve this, the organisation would have to accept the international com-munity's minimum conditions for a settlement, meaning UN resolution 242 and a renunciation of terrorism.

Palestinians object that resolution 242 deals with their problem solely as one of refu-gees and contains no mention of their political rights. They are understandably reluctant to make concessions on this score without some idea of what they might get in return Even those prepared to con-template a bold step will scarcely have been encouraged by the outcome of last week's Israeli general election, which would seem to have blocked the convening of an interna-tional Middle East peace con-ference for the foreseeable

On the other hand, simply sticking to the old line - of endorsing all UN resolutions on the Palestinian problem in reaction to such events will not get the PLO anywhere. Resolution 242 remains the cornerstone of UN efforts to resolve the Arab-Israel conflict. And the US, which is the only country with the remotest chance of eventually persuad-ing Israel to withdraw from the occupied territories, has made clear for 13 years that it will not deal with the PLO until it explicitly and unambiguously accepts the resolution, thereby implicitly recognising Israel The Palestinians should grasp

Kieran Cooke and Charles Hodgson look at the Anglo-Irish agreement

"THE ANGLO-IRISH Agreement? I'll tell you what it's like." The bar-room commentator in the predominantly of the Irish border jabbed the air emphatically. The like your appendix. No one knows why it's there, it seems fairly useless and eventually it will

have to be done away with."
Ulster's Unionists would certainly
concur and recommend an immediate concur and recommend an immediate appendectomy. Three years old on November 15, the agreement is still under attack from virtually all sides. In the republic, critics talk of its "failure to deliver." Mr Dick Spring, Irish Deputy Prime Minister at the time of the signing in 1985, recently called for the suspension of the Angle Just Secretariat Mr Beter Angio-Irish Secretariat. Mr Peter Barry, who as a former Irish Minister for Foreign Affairs was closely for Foreign Alfairs was closely involved in drawing up the agreement, has talked of the inertia and ambiguity of the approach of both British and Irish Governments.

In Northern Ireland, a banner proclaiming the Unionist message, "Ulster Says No" is still strapped definition to the top of Belfast's City Hall

antly to the top of Belfast's City Hall. And a recent opinion poll found that 81 per cent of Northern Ireland's Roman Catholics felt that the agree-ment had brought no benefits to their

community.
Yet despite all the criticism, the scepticism and the continuing IRA campaign, the agreement has proved remarkably resilient and seems likely to remain in place for the foreseeable future. At the heart of that resilience, lies the marked improvement in relations between London and Dublin that the agreement has brought about. The former colonial master and the colonised have always had a fraught relationship. But the agreement has helped it mature.

The two Governments no longer engage in megaphone diplomacy across the Irish Sea. "The biggest single achievement (of the agreement) is the constant dialogue," one Whitehall official says. Both sides are now obliged to take each other's views into account and there is a clearer under-standing of each other's domestic political constraints.

This year - the twentieth anniversary of the start of the present Troubles – has been a particularly diffi-cult one for Anglo-Irish relations. The British decision not to prosecute Royal Ulster Constabulary officers following the Stalker/Sampson inquiry into the alleged "shoot-to-kill" policy, the rejection of the appeal by the Bir mingham Six pub-bombers, the Gib-raltar shootings, the row over the release by a Dublin court of an IRA man whose extradition was sought by Britain and, most recently, the lengthy sentences imposed on an IRA team accused of plotting to murder Mr Tom King, the Northern Ireland Secretary, have provided difficult tests for the new relationship.

Yet despite the evident tracions Mr.

Yet despite the evident tensions, Mr Charles Haughey, the Irish Prime Minister - once a fierce critic of the agreement - has on countless occaagreement — has on counters occa-sions reaffirmed his commitment to its workings. Similarly, Sir Geoffrey Howe, the British Foreign Secretary, was able to go to Dublin recently and talk of the ties which bind Britain and Ireland. Ireland has not forgotten 700 years of colonialism, but there is a growing awareness that old battles

The agreement provides a forum, the Anglo-Irish Conference, at which Mr King and Mr Brian Lenihan, the Irish Foreign Minister, discuss issues of mutual concern. So far this year, it has met nine times, involving more than 50 hours of talks between British and Irish officials, including police chiefs, on Northern Ireland matters.

The agreement, enshrined in international law, provides a formal role for Dublin in the affairs of Northern Ireland. For the first time, the repub-



Three years on, the link still holds

lic's civil servants are working in Northern Ireland, at the heavily-guarded Anglo-Irish Secretariat at Maryfield, near Belfast Irish ministers feel they are bringing about change in areas where previously they had no say. In Dublin's view there can be no turning back. "The agreement was never a panacea for peace but it has broken the impasse. All sides, even the Unionists, realise

that things will never be the same again," says an Irish official. But aside from placing Anglo-Irish relations on a new footing, what has the agreement achieved? Many of the nationalist community in Northern Ireland now jeeringly throw back the words used by Mr Garret FitzGerald, the former Irish Premier, at the time of the signing: "The nationalist night-mare is now over." Few feel there has been any improvement in their conditions and many say harassment by the security forces has increased and that the Northern Ireland Civil Ser-vice remains unresponsive to nation-alist complaints and grievances. "It's all high politics. Nothing has changed for people in West Belfast,"

says a community worker in one of the nationalist flashpoint areas.

Dublin disagrees. There have been improvements in housing in Belfast. The British Government is bring in new regulations on fair employment to curb discrimination against Catholics. Development projects are under way in many areas. The discredited "supergrass" trials have ended and a code of fair conduct has been adopted by the RUC. The Irish side admits that the system of justice in Northern Ireland, in particular the one-judge Diplock Courts, still needs considerable improvement, but says that, overall, significant changes have been brought about.

British officials are more reluctant to lay credit for such progress solely at the door of the agreement. They insist that measures were already in the pipeline to stimulate the economy and build confidence among the minority community in the police and judiciary, but concede that these efforts are kept in focus by the Anglo-Irish talks.

For Britain, the main concrete advance has been improved co-opera-tion between the two countries' secu-

The two Governments no longer engage in megaphone diplomacy. The biggest single achievement is the constant dialogue.'

rity forces along the border. The Irish frequently appear frustrated at what they see as Britain's obsession with security which, they argue, prevents progress in other areas and runs the danger of giving added prestige to the IRA. This criticism is shared by the Labour Opposition at Westminster. The British Government replies that suppression of violence is crucial to sion of violence is crucial to winning Protestant and nationalist

support for the agreement.
Dublin says cross-border co-operation has improved dramatically since 1985: contrary to British perceptions, it says, there is now little cross-border IRA activity. The IRA command and considerable arms caches are in Northern Ireland. Extraditions, despite some judicial upsets, are con-

Politically, the most significant fea-ture of the agreement for Dublin is

that it has marked the end of "the Unionist Ascendancy." The agreement also called the Unionist bluff. Unionists said that they would bring Northern Ireland to a halt and force the scrapping of the agreement. That has not happened, in the first instance mainly because of the determined policing tactics adopted by the RUC, who found themselves a target for Protestant violence. The heart has gone out of the Unionist protest cam-paign: even Mr Ian Paisley shows

signs of running out of steam. There is still a great deal of anger among Unionists about what is seen as British "betrayal." But there are also signs, albeit dim ones, that new avenues are being explored. Mr James Molyneaux, leader of the Official Unionists, has been involved, like Mr Faucher, in way territive behind the Haughey, in very tentative behind the scenes exchanges. Some observers see evidence, too, of growing frustration among the Unionist community about the continued intransigence of their leaders, although there is little sign of this being channelled into pressure on

politicians to negotiate.

Ultimately, progress must be judged against the original aims set by the two Governments. For Dublin, the aim of establishing a voice in the affairs of the north has certainly been to persuade the nationalist community to participate in the institutions of Northern Ireland and to make clear to the Unionist community that it could no longer have a veto over change. Yet both communities continue to feel neglected and isolated from the political process. Sinn Fein, the IRA's political wing, gains its considerable support among the unem-ployed nationalist working class who feel they have no one else to turn to. And Unionists sense a new threat in

revived fears of "economic with-drawal" in the shape of privatisation of the Harland and Woiff shipyards

and Shorts aerospace company.

Attempts to form some sort of devolved administration in Northern Ireland have not succeeded. Unionists Ireland have not succeeded. Unionists have so far refused to take part in the current review of the workings of the agreement. Dublin has failed to stand by its pledge to promote the restoration of devolved government or to encourage the Social Democratic and Labour Party to do so.

The British are determined to keep lines of communication open. "We have to create an environment where the leaders of the constitutional parties can sit down together to think about political development," a Whitehall official says. "We cannot force them, but we can create the conditions."

Meanwhile progress in other areas.

Meanwhile progress in other areas, particularly the all-embracing confidence building measures, must continue. The Government — under strong pressure from the US — hopes to have the Fair Employment Act on the statute book by next summer. This seeks to combat job discrimination through a new Fair Employment Commission and code of practice for employers. Efforts are being made to ensure speedier investigation of complaints of harassment by the security forces and to re-establish liaison committees between the police and local mittees between the police and local communities: "These may seem like small things but they have an important impact." Whitehall says.

The agreement's supporters argue that the crucial thing is that no side should be allowed to return to its should be allowed to return to its trenches. New ways forward, perhaps involving direct discussions between Mr Haughey and Mrs Thatcher, have to be explored. Mr Barry feels that the present Irish Government has not done enough to sustain the momentum for change. He accuses Mr Haughey of still banging the drum of Irish unity. Other avenues, such as a confederal arrangement, must be tried be save.

This would be particularly apposite in the run up to 1982 and the single European market, when borders between European Community countries are to be dismantied. The struc-tures, the economies and the peoples of Northern Ireland and the republic have grown apart over the years. The agreement could be used to reverse that trend, its proponents insist, by promoting a vision of a diverse but interrelated island within a much wider European context.

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"We cannot sit here examining our own navels," says Mr John Hume, leader of the SDLP. "History did not stand still in 1690, 1916 or 1921. We have to look forward. If not, the world will pass us by."

The key problem remains the politi-cal vacuum in the province. With the ill-fated Assembly out of play, there is no forum in which constitutional repno forum in which constitutional representatives of both communities can work together. British officials hope that the SDLP will turn away from the ill-defined all-Ireland solution being held out by Mr Haughey and look again at an internal solution in which the Unionists can be persuaded to participate. to participate.

The current review of the agree ment holds out some o ress, Whitehall feels. Mr King has called for contributions from all sides and is hoping that the Unionist community at large, if not its political leaders, might be persuaded to put forward their views. For the time being, however, there is little sign that the pull of tribal allegiances is being diminished. While the divided communities may have learned to live with the Anglo-Irish agreement, they appear as far away as ever from want-ing to learn-how to make it work.

Hearties at St Anne's

In the run up to next month's Oxford and Cambridge rugby match at Twickenham, eyebrows have been raised by both sides' victories over Car-diff, and in some quarters by the number of Oxford players from what were traditionally women's colleges.
The Australian international

fly-half, Brian Smith, is at St Anne's and the huge Austra-lian forward. Troy Coker, is at Lady Margaret Hall. Wednesday's victorious team at Cardiff Arms Park also included a loose-head prop and a centre from St Anne's.

A spokeswoman for St Anne's said: "We've been a mixed college since 1979 and have about 430 undergradu-ates. The ratio of the sexes is now about 50-50." She added that the Australian international player was on a "special scholarship". St Anne's enters XVs in both the Oxford colleges' league and knock-out cup competitions.

In the Cambridge team, which has already beaten Bridgend, Rosslyn Park and Northampton (in addition to Cardiff), and lost narrowly to Leicester, there is still no sign yet of a Girton player. Indeed, the team seems largely to consist of Welshmen from Magdalene, the last of the men's colleges to go co-ed.

Tube trouble

■ If there is a revolution in Britain, it will begin on the London Underground. That is not a flippant remark, but a political warning. The state of the Underground is in direct contradiction to everything that Mrs Thatcher's Britain is trying to achieve, and it is getting worse, dirtier, slower and shoddier. It is not enough for Sir Keith Bright and Dr Tony Ridley to have resigned

OBSERVER

after the report into the King's Cross fire. Someone at the top of the political tree will have to take an interest. Indeed anyone with political antennae and knowledge of how millions of Londoners live and travel would have already done so. Foreigners are amazed that we put up with it. We may not continue to do so. The Govern-ment has a fiscal surplus. It should devote some of it to the modernisation of the Underground before tempers finally snap.

Worth trying

■ The Earl of Kimberley, once a Liberal peer and now a Tory, found the other day that his car was clamped while he was preparing to load it with lug-gage. He wrote to the Chief Commissioner of Police and the Home Secretary complaining. His fine was refunded. No one can say if the House of Lords writing paper made a difference.

Time to sell

■ A perceptive article on English house prices, Nether Wallop to Lower Slaughter, in the current Barron's con-cludes: "Unless you absolutely must own a home in Flitwick, Lower Swell, Pie Corner, Hoarwithy, Much Birch, Bishop's Cleve, Chewton Mendip, Goatacre, East Quantoxhead, Stratton-on-the-Fosse, Engine Common, Mewington Bagpath or other delightful English communities, you should invest your money elsewhere. Otherwise, things could turn very Ugley, you might suffer a terri-ble Knockdown, and you could even come to a very Lickey

Free Mandela ■ Nelson Mandela, the imprisoned leader of the African



"I'm behind on my loan repayments and I'm late with my thesis."

National Congress, will be released next week or there-abouts. At least, that is the view of Ron Pollard, Ladbroke's veteran odds-maker who cannot lightly afford to when Observer called him yesterday, Pollard refused to take bets on the story, widely canvassed in the South African press, that Mandela will be freed on or near November 15. "I regard it as close to a certainty that he'll be out by

the end of the year," he said. Pollard, however, is offering odds of 100-1 on Mandela becoming President of South Africa by the end of 1990. In June 1986 the Ladbroke odds were 50-1. Michael Holman, our Africa Editor, then placed a bet of £10. Holman has not haven't yet ordered AP Sacka."
It reminds the farmers to stock up for the winter, he claims. been proved wrong so far, though he admits that time may be running out.

Irish Bush ■ It was bound to happen. A family in the Irish Republic says George Bush is probably

of Irish ancestry. Mary Has-tings (née Bush) from Cork says that she is almost certain that Bush is the son of a grand-uncle who disappeared after a family row many years ago. Hastings claims that there is a great resemblance between the new President and her father and grandfather. "He has the same sallow skin, the receding hairline and wears glasses, just like all the other members of the Bush family."

Nice girls

■ Our slight implication last week that the Pirelli calendar for 1989 is pretentious and bor-ing has elicited a splendid response from a reader in Hull. Jim Sutherland recently retired from Abertay Paper Sacks, a subsidiary of BPB Industries plc, and is also a photographer. He helped to devise the Abertay calendar.

In contrast to Pirelli, this is the real thing in glorious black and white. Sutherland accepts the description that it is say without being porno-graphic and has a sense of fun. The girl in the January picture wears a T-shirt inscribed: "Happiness is in the sack."

The calendars have been going since 1976. Although most of the 5,000 print order are given away, there are about 1,000 on sale. The price this year has gone up to £2 and people have started to reserve them in advance. As with the Pirelli version, there remains a problem of where to hang it. Sutherland says that you find them on a lot of farmers' walls. The line on the December girl's T-shirt is: "What a shame some of you

Fairy tales

Sign in the rear window of a car in Cheisea: "Hans Christian Andersen is alive and well and writing ads for estate



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Why Neil Kinnock can smile again

By Joe Rogaly

ritain's Labour Party has had a butable" press briefing a week ago good week. It might have been an excellent week - if the Scottish Nationalists had not presented so only a minority of pensioners have troublesome a threat in the Glasgow difficulty in making ends meet?" To Govan by election yesterday. It would the delight of the Labour benches, have been a tremendous week - if Mr Mrs Thatcher was clearly embarmichael Dukakis had wan the US Mrs Thatcher was clearly empar-Michael Dukakis had won the US rassed. As the astute Mr Frank Field Presidential election on Tuesday. We had noted on this very point on Mon-can do what he did, Labour would day, "we in the Labour Party have have said. (The party's disappoint-ment was mitigated by the improve-ment in the Democrats' strength in not intend to take them out." Mr Gor-Congress. That has let Labour tell don Brown, the Labour spokesman on treal that the domination of the earth. itself that the domination of the earth Treasury matters, has had his teeth by the alien forces of Thatcherism-Reinto the Chancellor all week.

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nock, has also done well. He showed uncharacteristic self-discipline in his awful lot, they were merely telling an careful targeting of a single, succinct, question to the Prime Minister on Tuesday. She was plainly rattied by in future be means-tested; perhaps his persistence. "The Rt.Hon Gentleman obviously tries to ask very selective questions," she complained. Those of us who witness her cruel weekly ritual of battering a verbose Mr Kinnock to the ground had to sit up and take notice.

That is why Mr Lawson is in trouble. When it comes to politics one of the cardinal rules to politics one of the cardinal rules to put the prime Minister is that you must be a

the muddle over exactly what Mr. Prime Minister is that you must be a Nigel Lawson had said in an "unattri-good communicator. This is plain at

expenditure of taxpayers' southern Africa as do [ours] money on speech-writers, Mrs. yours...

Thatcher will no doubt hang on to the stirring address she gave in Poland last week. It common [European] Southern African house But the only can be used again, with very minor changes, if (when?) she visits South Africa next year. "Of course the links between Britain and [Poland] South Africa started long before [the Second World War] the First World War . . . , ahe might begin, "For [206] 100 years there [was] has been a large English population in [Gdansk] Natal . . . Our his tories have intermined in

tories have intermingled in curious ways over many centaries ... Britain is proud of
its history as a nation. So is
[Poland] South Africa — and
with good reason ... [Your]
our roots lie as deep in the soil

by the alien forces of Thatcherism-Reaganism may not be permanent.)

So — a good week. The most encouraging element for Labour has been the melting away of the Torles' papers, or he may not. The papers opinion poll lead. According to Marphan in yesterday's Guardian, each of the two major parties now registers 42 turkey from old folks' Christmas per cent support. A single month's tables. This is unlikely. Yet to the result in a single poll is not conclusive, but in terms of morale it helps.

The Labour leader, Mr Neil Kinnock, has also done well. He showed and that the state pension costs an uncharacteristic self-discipline in his

Botha has spoken of building a common [European] South African house. But the only wall so far erected is the [Berlin Wall] Apartheid, which divides and separates, As so often when one wants to build a near house.

all Conservative Party conferences. You can see her cabinet ministers vying for her good word as they conclude their well-rehearsed and remarkably similar speeches with a simpering look in her direction. The rule was applied when she berated Mr John Moore, the Secretary of State for Social Secretary for falling the control of the secretary of State for Social Secretary for falling the control of the secretary of State for Social Secretary for falling the control of the secretary secretary for the secretary of State for Social Secretary for falling the secretary secretary for the secretary secretary for the secretary of State for Social Secretary for the secretary secretary for the secretary secretary for the secretary secr Social Security, for falling to get across that the National Health Ser-vice was safe in Tory hands: Mr Moore paid with half his job for being a poor communicator. And it was made manifest again at the weekend when, one is led to believe, "the atmo-sphere around the Prime Minister became incandescent" as she perused the Sunday papers.

Mr Lawson, an experienced Minister and journalist, is guilty at the very least of clumsy handling of his own public relations. This remains true even if you grant that the initial accounts of what he said constituted an unfair misinterpretation of his actual words. He, of all people, should have not have conducted himself in so careless a manner that such a thing could have happened. His gift to Labour of a long-running campaign aimed at pensioners' doubts and fears, not to mention middle-class guilt, cannot now be taken back.

Nemesis is a skittish old hag. She Nemesis is a skillish oin hag. She began to creep up upon Mr Lawson on March 15 when, at the height of his pride, he delivered a Budget speech that had stunned everyone by reducing the top rate of income tax to 40 year cast Free since than this uply old per cent. Ever since then this ugly old Fate has been taunting him, with wrong forecasts, rising interest rates,



hurgeoning inflation, a deeping cur-rent account, old uncle Alan Walters and all. Some of the Chancellor's min-isterial colleagues are now saying that Professor Walters, economic adviser to the Prime Minister, is more often right than Mr Lawson. Others are simply showing, with broad grins, that they are hugely enjoying the clever Mr Lawson's evident discomfiture. "Such a pity getting into such a

mess with those tapes," said one.

It would not be surprising if some of this schadenfreude had infected the Prime Minister herself, once her initial anger was dissipated. It would be out of character for her to have liked Mr Lawson's brief ascendancy into

"unsackability" around the time of the March Budget. It is wholly in character for her to let him hang there now, as she has done with so many other Ministers who have risen up too high. Labour should not read too much into this. In real life both the Chancellor and the Prime Minis-ter stand or fall by the success of the economy. Mrs Thatcher could not realistically blame Mr Lawson alone if inflation ran out of control next year, or if the soft landing now so confidently predicted turned out to be a hard one. If, however, what we have is a mere blip, the Opposition's good week will come to seem like no more than a fond memory.

flood . . . When contemplat-"Experience teaches us that ing closer relations with other countries, we judge them by how they treat their own citi-zens. We shall not reach the trust and confidence we need for full-hearted co-operation until those rights are entrenched and observed as part of the way of life of [the countries of Eastern Europe and of the Soviet Union] the Republic of South Africa; until all enjoy freedom under the law, a law which applies not only to those who are governed but to those who govern as well.

"It is both a moral and a practical matter,"

The speech would be cheap to produce. It would also blow the late Harold Macmillan's "wind of change" speech right out of the history books. LOMBARD

German subsidy for the Airbus

By David Marsh

ew participants in the long running discussions in West Germany over in West Germany over the Federal the takeover of Messerschmitt-Bölkow-Blohm by Daimler-Benz emerge with any credit. The affair highlights the ponderous provincialism which

still surrounds debate on economic matters in Western Europe's largest economy. And it shows how, in spite of all the rhetoric about a new breeze of entrepreneurialism when the centre-Right coalition took office six years ago, West Ger-man industry and banking remain endemically opposed to large-scale risk-taking.

The Bonn cabinet has now formally agreed a package of exchange rate guarantees and government equity participa-tion in MBB's Airbus subsidiary to allow the takeover to go ahead. The resulting concern, by far the largest in the country, will still have around 60 per cent of its turnover based on the motor sector but will also dominate all sectors of the West German defence and

aerospace industry.
The Bonn Government has spent two years negotiating the deal after failing to persuade other big companies such as Siemens or BMW to take over control of MBB. The cabinet has been placed in a poor light by giving in to prac-tically all the demands of Mr Edzard Reuter, the Daimler chairman, over terms designed to shield Daimler from Airbus

risks up to the year 2000. Mr Otto Lambsdorff, the chairman of the Free Democrats, has appeared opportunis-tic and inconsistent by claiming last weekend to oppose the takeover on free market grounds, and then giving in on Monday with the argument that there was too little time to

work out an alternative. The financial risks affecting Airbus and MBB have been under discussion in the Gov-ernment since the beginning of the 1980s. It is nonsense to claim that problems have only come up recently.

Assuming West Germany collectively wants an aerospace and defence industry on a world scale, then the Daimler-MBB grouping has some justifi-cation. Even after the takeover, the European company with the largest defence tech- Mr Reuter's fertile mind.

Republic does not seek this aim, then it would have made far more sense if Bonn had negotiated the sale of MBB, with appropriate financial and employment guarantees, to McDonnell Douglas of the US a group with strong links to MBB, and one which may anyway play a role in building future Airbus models.

If the financial package which Mr Reuter has negotiated is as generous as many critics claim, then other candidates to take over MBB, perhaps a consortium of both domestic and foreign concerns. could have been expected to come forward. The Govern-ment admits that it never considered the idea of encouraging a foreign bidder.

What are we to make of the guarantee scheme under which Bonn will indemnify Daimler on any losses on Airbus caused by a fall in the dollar down to DM 1.60 over the next decade? The scheme could add DM 4.3bn to Bonn's Airbus subsidies, and has already aroused hostile attention from the US Government.

Daimler and Mr Martin Ban-gemann, the Economics Minister, say that the guarantee is needed because airliners are priced in dollars, and European companies which make them face a unique risk from cur-rency fluctuations.

This argument is fallacious. Chemical and steel manufac-turers and coal-miners can now presumably expect the same treatment from Bonn. More to the point, Airbus airliners contain many US-produced dollar priced components - such as engines and avionics.

Daimler-MBB can protect itself from dollar risk by doing what other German manufacturers have been doing in recent years - moving component purchases and production abroad into the dollar area. Since in the next few years the dollar is highly likely to drop below DM 1.60, the level below which Bonn says it will no longer bail out currency losses, the idea of moving some aerospace operations abroad is presumably a plan at the back of

Freedom, pole to pole

"But we need real changes if our hopes are to be realised, changes which go to the root cause of the hostility and confrontation which has fractured [Europe] South Africa since the Second World War Papels are prepared to

onen when one wants to build a new house, you have to start by knocking a few walls down. "We want to see the barriers which have divided [Europe] South Africa for the last 40 years dismantled... So you will find in Britain [and Europe] a great readiness for ... People are prepared to endure hardship and difficulty when they believe that the when they believe that the result will be a better life for them and their children, when they know that they are fully involved in decisions, and when they are convinced that what they are doing is right..., Change has been very much the theme of my Europe) a great readiness for more contacts of every sort, together with a wish to see the

talks with you today, [General Jaruzelski] President Botha. "Tomorrow I shall have the opportunity to hear the views of [Solidarity] Mr Nelson Mandela and his colleagues," she might continue, turning to Mr Rotha after dinner, as she did to Gen Jaruzelski. "Reform is never easy or free from painful consequences," she might add, sticking to last week's text. "For we have to ask ourselves: what would be the cost of fail-ing to carry through change and reform? Would not the consequences be even more painful and more prolonged?

you will only achieve higher growth, only release enterprise, only spur people to greater effort, only obtain heir full-hearted commitment to reform, when people have the dignity and enjoyment of personal and political liberty. When they have freedom of expression, freedom of association, the right to form free and independent trade unions and fulfilment of all the other obligations of the [Helsinki Accords] true Western democ-

That is why it is so vital logue with representatives of all sections of society, include ing [Solidarity] the African National Congress . . . "[Gen Jaruzelski] Mr Botha, we must take the tide at the

- LETTERS

Knife-edged exports

From Mr G. W. Bridge.
Sir, Condemning the entire
Sheffield cutlery industry for
the failings of the table cutlery. manufacturers (November 3) is like using the performance of Austin-Rover to gauge the overall health of the whole UK

automotive sector, Your report, and the survey that the Sheffield cutlery industry also contains blades to German knife produc-ers and finished knives to – among others – Japanese and

Hong Kong consumers. We have sold more than 30m of our Sheffield-made Laser knives in over 70 world markets in less than ten years, earning the Queen's Award for Exports on two occasions these are the only such awards to go to the cutlery industry.

This has been done by concentration on product quality
and marketing, involving pre-

kating support on the other, including TV commercials. I doubt whether the board of Jaguar, or the UK manage-ments of Ford and Vauxhall, would relish their achievements and abilities being judged on such a restricted basis, however much they might accept the accuracy of the chosen sample.

G.W. Bridge, Richardson Sheffield Upper Allen Street, Sheffield

Boomerang

From Dr Frank Heller. Sir, Japanese teamworking methods are reported to be on the increase in UK companies. What is now called "teamworking" bears an uncanny resemblance to autonomous work groups, developed in Britain in the 1950s, taking deep roots in Scandinavia in the 1960s. If they are now spreading in Britain via Japan 38 years later, what have we been doing all these years? Frank Heller,

The Tavistock Institute of

Statistical definitions of poverty

From Mr Michael Stern MP.
Sir, The Child Poverty
Action Group's definition of
poverty (Letters, October 29) is designed to rise as supplemen-tary benefit and now income

can be attributed directly to higher supplementary benefit scales. Is it any wonder that the Government has decided to discontinue the use of these statistics? New Society has said they run counter to com-mon sense. The Guardian

CPAG seems to ignore that people at all levels are getting better off.

hand, and comprehensive mar-

Between 1981 and 1985, the average net household income of the population rose 6.4 per cent in real terms. For all but the highest income (20 per cent) it rose 6.6 per cent, and for all but the highest income

(90 per cent) it rose 8.3 per cent
- the rise in incomes was the
more marked the further down the income scale. The CPAG should stop telling us that peo-ple are getting poorer when their incomes are actually ris-

House of Commons, SW1

support also rise.

This is absurd. Sixty per cent of the increase in the numbers counted in the Low Income More expert on mortality than on management

From Mr James Heywood.
Sir, Clive Wolman ("How banks can break free," November 4) suggests that solvency guarantees for banks could be issued by insurance companies, allowing use of the hig insurance and reinsurance capacity in the international markets to support the commercial banking system.

At first sight this seems

At first sight this seems attractive. An insurance policy is "only words", and can be written for almost any purpose particularly now that insurance supervision concentrates more on solvency requirements than on strict control of clauses and conditions.

But the insurance market has always shown itself more expert at dealing with the mon-etary effects of accident, mortality, catastrophe or physical deterioration than with the purely financial problems of miscalculation, bad manage ment or unsuccessful enterprise. Insurance research is more geared towards the statistical trends of millions of small individual risks than hundreds of very much larger and less: predictable units. The fluctuation of prices on large commer-cial and industrial business is

partly because of this.

The fierce competition in many areas of financial ser-

many areas of innancial services has caused some insurers to dabble with "imported" products such as financial guarantees, bonds, value differences on lease contracts, and both the commercial and political risks involved with foreign trade. There are genuine insur-ance specialists in these fields; there are also many who join the game but retire hurt after a few knocks.

The use of insurance and reinsurance capacity to sup-port capital-hungry commer-cial banking would need to be a long-term commitment. Such commitments already exist at a structural level, by the many shareholding links between banks and insurance companies - links which are certain to increase in Europe during the preparation for 1992.

This is likely to be a more durable partnership than a "financial insurance" product which is not new in concept, but which could be difficult to manage in practice. Elisabethlaan 18,

From Mr Dirk-Emma Baes-Clive Wolman (Novem-

ber 4) offers a suggestion for allowing banks to opt out of the solvency regulations. But the insurance company (by definition private, other-wise the company may behave like a fully fledged central bank) has to face the problem of variable premium pricing. These premia should be esigned to create incentives to alter bank behaviour, Improp-

erly priced premia may elicit perverse behaviour. Since capi-tal provides a protective cush-ion, reducing potential expo-sure to the insurer, the latter may be tempted to set high premium differentials. The insurer then will be over-compensated for incre-mental rick taking, which will force bankers to be overly con-servative. Or competitive forces may set the premium differentials too low, resulting

in excessive risk taking. Either way resources will not be optimally allocated. Moreover, it is unclear to me how an insurance company will be able to price bank port-folio risk appropriately. Furthermore, the insurance industry is plagued with the

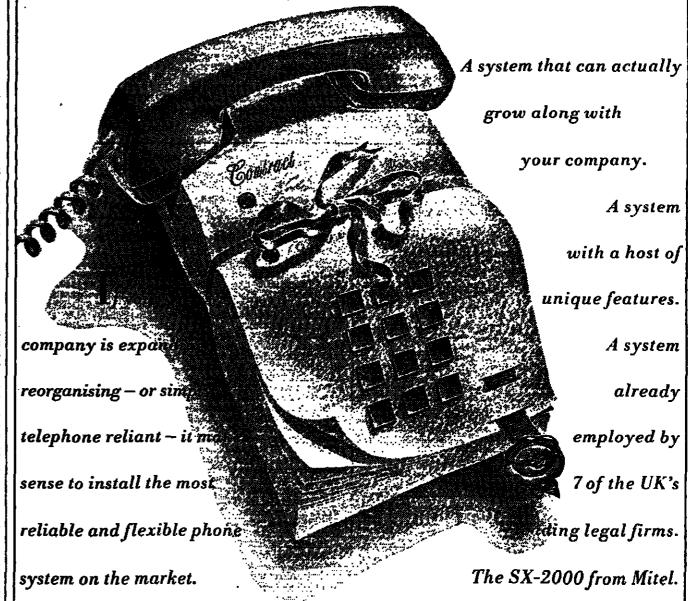
practice of adverse selection that is, the insurer picks out rather healthy consumers as customers. It follows that fringe banks - the weak insti-tutions to be monitored at all cost - will be unable to get insurance coverage, even at any price.

The practice can only be stamped out by regulating the insurance industry, otherwise the central bank would be left with all the waste. I wonder whether extensive regulation of the insurance industry is laissez faire system". The truth of the matter is that only the central bank can maintain confidence because of

its elastic money supply facilities. Contrary to a widespread belief, monetary policy and banking supervision are not just water and fire. Mr Wolman's diagnosis of the BIS capital adequacy accord is well founded. But his suggested cure threatens to open Pandora's box. It remains to be seen whether financial stability allows for this kind of

Dirk-Emma Baestaen: Manchester Business School. Rooth Street West,

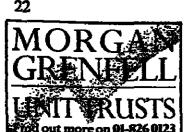
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FINANCIAL TIMES

Friday November 11 1988



Bentsen walks tall to Washington

Roderick Oram argues that the Senator's conduct during the election campaign has greatly enhanced his standing

SENATOR Lloyd Bentsen returns to Washington with his stature as a congressional and party leader greatly enhanced by his well-fought but ultimately unsuccessful bid for the US vice presidency.

idency.

The tall, courtly Texan demonstrated throughout the four-month campaign sharp political instincts, an openness to public and press and an eager-ness to improve skills developed during his 18 years in the Senate. Having once been more comfortable crafting legislation comfortable craning legislation in the committee room than speech-making on the Senate floor, he might well be encouraged by his satisfying campaign experience to take a more prominent public role, particularly in the national

Democratic party.
In Congress, he will resume with increased influence one of the most powerful Senate jobs, the chairmanship of the finance committee. Legislative topics in his domain include taxes, foreign trade, social security, medicare and welfare. Some Republicans are con-

cerned that he will use his conterned that he will use his cor-siderable legislative power to wreak revenge on President George Bush for the negative and damaging campaign he led against the Dukakis-Bentsen ticket.

Certainly Mr Bentsen repeat-edly expressed on the stump his anger at the Republicans' tactics, fingering them as a prime reason for the Demo-crats' loss. His staff say Mr Bush's conduct has burt their friendship which until this race had endured through their long Texas political carears in

opposing parties.
But by nature and political instinct Mr Bentsen is too subtle to launch a mindlessly vin-dictive attack. He said earlier this week that "we have too much at stake to seek revenge." America has too many problems such as its "mountain of debt" to allow Congress to degenerate into a stalemated partisan battle-

ground.
"I'd work with any president. I'd help when I thought he was right and block him if I thought he was wrong," he said. But he added with greater intensity: "When I disagree, I'll oppose him with everything I have."



Bentsen: In Texas, we look on politics as a contact sport

Beyond relations with the White House, the Senator will play a pivotal role in what he does best – building compromises on the Senate floor. As a conservative Democrat, he has conservative Democrat, he has natural allies among moderate Republicans. He loves the details of legislation, particularly horse-trading them to generate support for a bill. In 1986, for example, he threw his crucial support behind the tax reform bill after he won retention of a recesse of tax breaks. tion of a package of tax breaks

for Texas oil men. His creditable campaign per-formance also increased his standing in public and party eyes which in turn will increase his congressional clout. He was by far the most popular of the four candidates on the national tickets, scoring an approval rating well over 50

in a race of handlers and image, he was a throwback to the old days of natural, down-to-earth candidates. Although an attentive student of his staff's advice, he was his own man - a patrician with a

populist touch and a genuine social conscience forged in his youth in the poor farmland on the Texas-Mexican border.

During the intense and bitter battle, he demonstrated tough-ness and new political skills that will make him a more formidable senior leader of the Democratic party. "He is going to be the voice of the party nationally," according to Ms Ann Richards, treasurer in the Texas state government and co-chairman of his senate campaign.

His talents as a conciliator and spokesman for the conser-vative wing of the Democrats will be sorely needed by the party. Defeat will unleash an orgy of recrimination and com-peting theories of how to remake the party to win the White House in 1992.

Arguably the greatest chal-lenge comes from the Rev Jesse Jackson who wants to broaden the party base by pushing it to the left to capture America's disadvantaged. Bat-tle will be joined later this

month at a meeting of state party chairmen and then at elections in February for the Democratic National Commit-

However vitriolic the party fight becomes, Senator Bentsen should attract mostly praise for his role in the campaign. He was a canny choice for running mate, bringing to Mr Dukesis a balancing blend of ideology, geography, age and

experience.

The Senator cited, for example, opinion polls showing that he had added 12 percentage points to Mr Dukakis's standing in Kentucky and nine in California. The fact that he contributed only six in Texas reflected deep problems voters had with Mr Dukakis on issues such as gun control. Local democrats have been blaming Mr Dukakis and not Mr Bent-

sen for losing Texas.

Mr Bentsen could be faulted. however, for resisting too long his political instincts. His staff say he was deeply frustrated and perplexed by Mr Dukakis's failure to respond until too late to Mr Bush's attacks. He had learnt the importance of swift and hard counter attacks in his Senate re-election race in 1982 against a candidate heavily supported by right-wing lobby groups. "In Texas, we look on politics as a contact sport," he

Some date the Democrats' some date the Democrats's swing to the offensive from an extremely hard-hitting speech Mr Bentsen made in Los Angeles on October 18 about the tone and tactics of the Bush campaign. Within days they became the key issue, drawing fire away from Mr drawing fire away from Mr Dukakis's platform and quali-ties. If he had pushed Mr Dukakis earlier, the election race would have been tighter.

The wave of praise Mr Bent-sen won following his debate performance against Senator Dan Quayle, the Republican vice presidential candidate, greatly boosted his confidence. from then on, he grew better at moulding his message to his audiences. Buoyed up, he

stormed to the finish.

When people commented on his effective role during the campaign, he often fielded the compliment in the language of the Rio Grande ranchlands where he grew up: "That's what I hired out to do."

Moscow chooses capitalist road to the stars

By Quentin Peel In Moscow

THE NEW broom of un-Socialist activity sweeping through the Soviet economy appears finally to have caught up with the most prestige activity of all: the Soviet space

It was disclosed yesterday that the next manned space mission from the Soviet launch pad at Baikonur, a joint Soviet-French expedition to the orbital space station, Mir, is taking commissions for advertising.

mir, is taking commissions made advertising.

Negotilations are under way with a Western advertising agency to use the space flight for promoting products, according to Mr Alexander Dunayev, head of Glavkosmos, the Soviet space agency.

Several Soviet products have already hear signed up, how.

Several Soviet products have already been signed up, however, including a shaver produced in Kharkov, Slavutich televisions, and — most unlikely of all — an air conditioner manufactured in Baku. Not only that Ghavkosmoshas accepted an offer from the British group Pink Floyd to entertain its astronauts in their leisure hours with a their leisure hours with a recording of their rock music. Evidence of the new-found capitalist instinct of Glavkos-mos was spelt out at a press conference in Moscow yester-day, giving details of the November 26 Soviet-French mission.

Quite how the astronauts are expected to advertise the products – and how much income would be generated for the space agency – was not apparent yesterday. But Mr Dunayev was quite clear about the yerrees.

the purpose.
"If the cosmonauts have any leisure time we will ask them. to make certain operations during the flight to earn cer-tain funds," he said. The reason was that from next year, like the rest of Soviet indus-try, Glavkosmos is switching to the system of khozrashchot

or self-financing. Mr Dunzyev would not be drawn on the question of how much a space mission cost, except to say that putting Mr Chretien in space for one month – the longest ever for a foreign misseness on a Soviet mission — cost about \$21m. It was obvious that no space pro-gramme could be operated without huge government sub-

However, Glavkosmos was not being idle in looking for new sources of income. "Right now there are a number of proposals. We are using adver-tizing before the flight," he said, naming a sajur engineer-ing plant, Uralmash, and a Soviet watch manufacturer as

As if to mark his words, the Foreign Ministry press centre in Moscow was decorated for the first time with a handful of rather scruffy posters advertis-ing Aeroflot, the Soviet air-line, and other ventures – ap-parently on the football ground principle of catching the TV cameras as they panned round the conference. Any proposals made to Glav-kosmos had to provide com-mercial benefits, Mr Dunayev said. "The Soviet Union has to get something out of it."

The only question baffling
Soviet observers last night
was at whom the advertising
would be aimed. After all, any would be aimed. After all, any products presented in Soviet shops tend to be snapped up instantly, because anything desirable is by definition in short supply. The last thing the authorities need is to create additional demand for products they cannot supply.

Democrats look at defeat, plans Continued from Page 1

about Mr Bush's proposal for a about ar Fush's proposal for a reduction in capital gains taxes, Senator Bentsen said:
"He is not going to get it."

Senator Bentsen, who will reassume his chairmanship of the Senate Finance Committee, is certain to be a key player in the pert Congress leading the the next Congress, leading the debate on the federal budget, as well as on trade and oil issues. Some Democrats were so impressed with his performance that they are pressing for him to assume a leadership position in the party.

Mr Bentsen is apparently keen to avoid the factional warfare among Democrats try-ing to dissect the reasons for ing to dissect the reasons for their loss to Mr Bush and his inexperienced running-mate Senator Dan Quayle of Indiana. The struggle between the party left-wing, in the custody of the Rev Jesse Jackson, and the centrists, led by Senator Sam Nunn and the newly-elected Senator Chuck Robb, has already begun.

Bitter feelings at the DTI

Amid all the brouhaha yesterday over Scottish & New-castle, it is worth remarking Wellcome Share price relative to the that the reference for once seems defensible on other than FT-A All-Share Index that the reference for once seems defensible on other than political grounds. Whatever factors may weigh with Lord Young, the competition authorizes are gunning for the berriage. The Monopolies Commission inquiry into the brewing tie, due in February, is evidently getting serious, and the proposed merger would create the biggest tied estate of the lot. It is Elders' contention that whatever the inquiry decides would apply to Courage and S&N jointly as well as severally. But if, say, Unilever owned Sainsbury, and means were being sought to make it give equal space to rival soap powders, it would not help to have it buying Tesco in the meantime. that one is slightly Dutch, the other slightly Kuwaiti. In fact,

other slightly Kuwaiti. In fact, BP made half its money from producing oil in the third quarter, while Shell made just 20 per cent — which helps explain why BP's earnings per share were down 19 per cent, and Shell's up 24 per cent. With all the usual qualifications, the comparison nevertheless shows the immediate cost of if the logic is followed through, Elders could be in rather a jam. The official position seems to be that in an industry which is vertically integrated from manufacture. to retail, no further concentra-tion is permissible. So if the tie stays in place, no deal. But — and here is the Catch-22 — if the tie is loosened, to allow the deal would be against the spirit shows the immediate cost of BP's big move upstream. With every slide in the oil price, Shell's refusal to spend any of its 55hn cash in buying expen-sive upstream assets looks deal would be against the spirit of the loosening. In political terms, too, there are risks in yesterday's cheeky market raid by Ekders. It secured a commanding position in S&N's shares, but it also got up the nose of the Trade and Industry Department; and if the Department could torpedo the Government of Kuwait, it can presumably do-the same for Mr Elliott. Meanwhile, S&N itself is in limbo. It is hard to feel sympathy for a company which sive upstream assets looks increasingly sensible; and even though RP's strategic investment should not be judged by such myopic standards, there is little else to hand.

Otherwise, both companies are in far better shape than last time the oil prices were this low, and not just because of their massively cyclical chemical earnings. Having cut costs upstream in 1986, they find living with £8.50 oil is not so tough this time. Meanwhile, they have not lost the knack of is in limbo. It is hard to feel sympathy for a company which conducted a bid defence of such striking ineptitude, but it looks as if Elders was helped in pulling a fast one by a degree of official bungling. Ultimately, Elders risks the fate of the hapless Goodman Fielder, stuck with a chunk of RHM which nobody wants; but Mr Elliott is a resourceful man, and it would be surprising if he does not have several alternative strategies up his Hieler. Lord Young has haved Sell for now, but it remains to be seen whether he can save it in the they have not lost the knack of keeping the gain produced downstream by lower crude prices, and may be able to hold prices, and may be able to hold on to it for longer than before. While in Europe there is as much refining overcapacity as ever, much tighter capacity in the US is doing its bit for world product prices. Just in case the Monopolies Commission starts to get too excited about excess petrol profits in the UK, BP made just 58m downstream in

Wellcome Oil majors

whether he can save it in the

long run.

Shell, the most profitable oil The first full year figures shell, the most promaine of company in the world, now makes more money out of chemicals than from producing the black stuff. The other fond belief corrected by yesterday's figures is that HP and Shell are much of a muchness, except from Wellcome to show results from its AIDS drug do little to help the market in valuing the stock. Over the year, Retrovir contributed only 8 per cent of sales, and who knows what of profits; for the current year,

made just £8m downstream in the UK in the quarter - a pretty

poor return on capital of over

understandably enough, the company is giving no guidance at all. On the other hand, the figures are a reminder of the continued remarkable growth continues remarkable grown of the herpes drug Zovirax - though that too, confusingly, is partly due to its use in AIDS treatment. By comparison with most drug companies, though, Wellcome is in the strong position of heavier one Walor dree tion of having one major drug producing annual growth of 35 per cent, with the next block-buster - Retrovir - already

on the market.

At 467p, the shares are on a forecast multiple somewhere in the low 20s. Though the days of explosive outperformance seem over, this could be sus-tainable. Even stripping out Retrovir, forecast growth is of the order of 20 per cent, which is handsomely ahead of Glaxo.
The principal unknown is the intentions of the Wellcome Trust, which could increase its charitable donations ninefold by simply switching into gilts.

Storehouse

Three years ago Sir Terenca Conran craved the indulgence of shareholders for the 36 months he said it would take to sert BhS out; he has repaid their patience with declining earnings per share and a 60 per cent drop in the value of Store-house shares relative to the house shares relative to the market. And there is little sign that the ordeal will end for a good while yet to come.

good while yet to come.

Sir Terence spent the day out of town yesterday, evidently judging that Michael Julien, the new chief executive, would have a better chance of persuading the market that Storehouse was back on course. There is little sign that the message got through in any case: the shares rose 3p to 170p, but given they yield a prospective 7 per cent at that level there is not much suprising in that. Storehouse is now ing in that. Storehouse is now heavily into damage limitation at BhS: tackling its appalling space utilisation problems by inserting the odd Rumbelows here and there — a potent short-term weapon against costs, but scarcely the stuff of which the most profitable retailing is made. Meanwhile, Storehouse runs the risk of re-designing BhS itself right out of its traditional market.

Now must be the worst possible time to be trying to turn a major retailer round; it is not exactly the best time to be hoping for a bidder either — especially for a group without the asset backing which a discerning to a product of the might well ing predator might well

Brazil braced for trouble after killings

By Ivo Dawnay in Rio de Janeiro

THE BRAZILIAN Government was last night bracing itself for a wave of angry protest after army units fired on striking steelworkers, killing at least five and wounding more than 40 others. It was the worst industrial violence in recent

The tragedy has raised fears that social unrest is close to surging out of control in major urban centres as fury mounts among the Brazilian poor over soaring inflation, falling spending power and a widely per-ceived sense of political impo-tence. There have been other outbreaks of labour unrest already this week, separate from that at the steel mill.

The shootings came late on Wednesday night when a moto-rised infrantry battalion and military police unit used armoured cars, tear gas, bayonets and truncheons to evict an estimated 12,000 stone-throwing strikers from the state-owned Volta Redonda steel mill, 130km from Rio de

The seriousness of the inci-

tite "social pact" on pay and prices negotiated last week between unions, employers and

dent was emphasised when it was announced that President Jose Sarney would meet senior military, legal and security ministers late yesterday to examine detailed reports on

Most immediately at risk from the incident is the tripar-

the Government in a joint attempt to reduce inflation, now at a record 27.25 per cent a month. The pact, initiated by the private sector, is now the Government's one hope to convince Brazilians and Brazil's international creditors that it can grapple with inflation. The order to send troops to

the steel mill reportedly came from Brasilia, but this was not officially confirmed. The army was also silent, although a radio report said senior officers had disclaimed any responsibility for the deaths, blaming the clash on the work of "agitators" infiltrated into the plant. Industrial unrest has not been limited to Rio. In Sac Paulo, industrial action by metro staff brought chaos to traffic this week while workers at the privately owned Villares steel plant also clashed with troops during a pay strike.
But the worst-hit state is
Rio, where thousands of civil

servants and state company employees have joined pay strikes following the city's formal declaration of bankruptcy two months ago. On Wednes-day, residents of one city sub-urb burnt the local offices of Light, state-owned electricity company after persistent black-

Bonn Speaker in row Continued from Page 1

the three-party Bonn coalition - including Count Otto Lambsdorff, the FDP chairman as well as the Greens ecology party, also severely criticised the speech.

Mr Wolfgang Lueder, a Ber-lin FDP deputy, said the speech had shown "a false understanding of history". Sev-eral deputies from Mr Jenninparty also privately voiced dismay.

Mr Jenninger, who several times spoke of the "success" of Hitler, said his "triumphal ride" through the years 1933 to 1938 remained a "fascination". Hitler was seen as a "miracle" by the German people, who regarded the the post-First World War Weimar Republic - which ended when Hitler came to power in 1933 - as

producing foreign policy humiliation, Mr Jenninger

Recalling that most Germans in 1938 saw Hitler as "the greatest statesman of our his-tory," Mr Jenninger repeated Nazi claims made about the Jews' position in German society. "Had they not taken up a role which was not appropri-ate?...Had they not deserved to be put into their cup-boards?" asked Mr Jenninger. Mr Jenninger's speech,

designed as a counterpoint to Mr Kohl's generally well-re-ceived address in a Frankfurt synagogue on Wednesday, suc-ceeded clumsily in highlighting the reasons for anti-Jewish genocide. Mr Helnz Galinski, chairman of West Germany's central Jewish council, listened stony-faced to the speech in the Bundestag gallery.

Saudi Arabia signs

SAUDI ARABIA intends to Mr Nazer, who was signing a \$1.8bn deal with Texaco for the

joint ownership of three major US refineries and a chain of 1,400 service stations, said he **WORLD WEATHER**

\$1.8bn Texaco deal By Max Wilkinson, Resources Editor, in London

integrate all of its oil production with refining and market-ing operations in consumer countries, Mr Hisham Nazer, the kingdom's oil minister said in London yesterday.

hoped other similar deals would follow. The network, which includes 50 product distribution terminals and 10,000 distributor stations in 23 states, represents some 10 per cent of the US market. Mr Nazer would not be drawn on where or when the next deal would be. However, he made it clear that Saudi he made it clear that bauta Arabia regards the joint ven-ture with Texaco as a pattern for a big push into the "down-stream" part of the industry. Kuwait, Venezuela and Libya have already achieved a significant presence in product markets. The recent instability of world oil prices and persis-

Petroleum Exporting Countries appears to have stiffened the Saudis' resolve to follow them into refining and marketing. Mr Nazer said the present strategy, intended to maximise oil revenues for the kingdom, was developed during a two-year review of the Saudi Ara-

tent over-production by mem-

bers of the Organisation of

bian petroleum operations, bian petroleum operations, including the export refineries within the kingdom. Large increases in third-quarter profits from British Petroleum and Shell yesterday both showed how increased refinery margins can offset falls in profits from crude production when the oil price is low.

Saudi Arabia has agreed to yest \$12m to Texaco plus 75

pay \$812m to Texaco plus 75
per cent of the joint venture's
initial inventory of oil, equal to
about 30m barrels. Texaco says
its total benefit from the deal
will be about \$1.80m. Experts in other large oil companies believe that Saudi Arabia has psid a keen price for its share, partly because Texaco needed cash after losing a lawsuit to the US company Pennzoil.

Some oil company executives believe the recent steep rise in Saudi Arabian oil output may be related to the need to pay Texaco — in crude and in cash. The most recent industry esti-mates put Saudi oil prooduc-tion at about 6.85m barrels a day, excluding crude for Iraq from the neutral zone. This is some 2.8m b/d more than its official Opec quota. The Saudis are thought to have perhaps 50m barrels of oil afloat in

Many in the oil industry believe the kingdom will find it difficult to agree other joint ventures which look as attrac-tive as the Texaco deal.



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FINANCIAL TIMES COMPANIES & MARKETS

Friday November 11 1988



INSIDE

CSFB chief hits out at bid curbs



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An economic Iron Curtain of rules, practices and attitudes hangs over Europe. Such is the claim of Jack Hennessy left), chief executive of Crédit Suisse First Boston in a strong attack on restrictions to takeovers in continental Europe, which he claims make European companies ill-equipped to tackle the

from US and Japanese companies. The relatively small and mature national markets of Europe offered no basis for growth, he claims.

Japanese share protests show change of heart

The protests heard this week in Japan over the allocation of shares in the Mitsubishi Motors flotation have been unusually forceful. A new sensitivity appears to be emerging among Jap-anese investors in the wake of the four-month-old Recruit Cosmos scandal while Nikko Securities; leading the 21-strong underwriting syndicate, is hoping that the Mitsubishi share price does not rise too much when the issue begins trading next month. Page 29

Seeds of hope for farm reforms



Recent developments in the oilseeds sector of European agriculture suggest that real results are at last materialising rom February's wide-ranging reforms of EC farm policy. Sharp cuts in target prices and in the level of Commu-

been automatically triggered in the last two to three months and the costs of the regime are suddenly well within budgetary bounds. Tim Dickson reports. Page 40

Daimler seeks full MBB control

Mr Edzard Reuter, chairman of West German motor conglomerate Daimler-Benz, has insisted that his company be given full management control of Messerschmitt-Bölkow-Blohm (MBB) as a condition for taking its planned 30 per cent stake in the aerospace group. Page 24

Canadian market litters



Hopes that Canadian Prime Minister Brian Mulroney (left) and his Conservative governto a second election vic tory suffered a setback earlier this week with the publication of an opinion poll showing a 12-point lead for the opposition. The stock market, hopeful of ratification of the US-Canada

free trade agreement, duly plunged as US investors became prominent sellers. David Owen examines the jittery market mood ahead of Monday's election, Page 50

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PARIS (FPr)

Thomson-CSF is Pebereau ally

THOMSON-CSF, the French state-controlled defence and electronics group, emerged last night as the last mystery ally of Mr Georges Pebereau's stock market raid on Société Générale, France's leading privatised commercial bank.
Mr Pebereau has already dis-

closed the identity of his princi-pal partners in the SocGen raid, including Mr Francois Dalle, the former chairman of L'Oreal, Mr Gustave Leven, the chairman of Parrier, Mr Jean-Louis Descours, the chairman of the Andre shoe group, the state Caisse des Depots financial institution, Kleinwort Benson and Eagle

But he concealed the identity of another major French group which had invested in a FFr300m

privileged loan to one of the chain of companies through which his Marceau Investisse-ments fund has acquired a 9.16 per cent stake in SocGen worth about FFr3bn.

Financial sources in Paris con-firmed last night that the mys-tery company was a financial subsidiary of Thomson-CSF which had invested in the privileged loan to Camelia, one of Mr Pebereau's investment funds with a capital of FFr1.3bn. Mr Alain Gomez, chairman of Thomson, is understood to have been approached some months ago by Mr Pebereau to invest directly in a stake in his new Marceau investissements group.

However, Thomson was not interested in a direct stake. Instead, one of its financial subsidiaries decided to invest in the privileged loan which Mr Pebereau has used to help finance his stake building in SocGen. Thomson is understood to claim that the investment is a purely financial operation.

The investment also appears to reflect the good relations between Mr Gomez and Mr Peber-eau. Mr Gomez negotiated a landmark telecommunications deal with Mr Pebereau a few years ago, in which Thomson trans-ferred all its civil telecommunica-

eau's allies is likely to fuel further the political controversy over the SocGen stock market raid. Although Marceau again claimed yesterday that there were no political motives behind its investment in SocGen, it is widely regarded that it enjoys the support of the Socialist govern-

Mr Pierre Beregovoy, the Socialist finance minister, has made no secret of his ambition to ago, in which Thomson traisferred all its civil telecommunications business to Compagnie Générale d'Eléctricité (CGE), the French telecommunications and heavy engineering group, of which Mr Pebereau was then chairman.

However, the presence of Thomson in the list of Mr Pebererus with those of the government.

US court delays insurance measure

US INSURANCE companies won a temporary injunction from the California Supreme Court in San Francisco yesterday, delaying implementation of Proposition 103, a premium-reduction measure passed by the state's voters on Tuesday. Six major insurers and the

Association of California Insur-ance Companies filed suit in the Supreme Court on Wednesday, challenging the constitutionality of the proposition, which is backed by Mr Ralph Nader, the consumer rights campaigner. If implemented, it will force insurers to reduce premiums all existing property and casualty policies written in the state to 20 per cent below their December 1987 levels.

In addition, the ballot measure calls for the state insurance commissioner to be elected, rather than appointed, beginning in November 1990, and requires the commissioner to approve all future rate increases.

Ms Diane McHenry, a Supreme Court deputy clerk, said the injunction would run until the court's justices had been able to hear counter-arguments from 103's supporters about its consti-tutionality . "Since this issue is

of such importance, they will want to rule as soon as they can," she said. Legally, they could rule on the matter without holding a hearing, she said.

The Supreme Court's action yesterday morning came amid media reports that as many as 60 insurers were refusing to write new policies or renew existing ones in California. The Western Insurance Infor-

mation Service, an insurance industry body in Santa Ana, near Los Angeles, said however it believed the true figure was nearer to three dozen. Among insurers known to have

taken action yesterday was Allstate, the nation's second largest property/casualty insurer and a subsidiary of Sears Roebuck. Allstate said it had temporarily suspended acceptance of new automobile, homeowners' and

commercial property policies, but was renewing existing coverages. The suit by the insurance companies argues that Proposition 103 is unconstitutional because it would force them to operate at a loss, impair contracts and unlawfully create an unaccountable public corporation. Proposition 103 passed by 51.1 per cent to 48.9

Minorco 'rebuffed Lonrho offer' for Gold Fields stake

LONRHO, the UK-based mining and industrial group headed by Mr Tiny Rowland, made an approach about buying Minorco's 29 per cent shareholding in Con-solidated Gold Fields but was turned down. Sir Michael Edwardes, chief executive of the South African-controlled invest-ment company, said yesterday. Lonrho, however, said it had "never sought to make an offer" for stake in Gold Fields, the UK

mining and construction material group.

Since Minorco's £2.9bn (\$5.1bn) hostile bid for Gold Fields was referred to the UK's Monopolles and Mergers Commission in Octo-ber, there had been several other approaches about the stake, Sir

Michael said.

He stressed that Minorco had not put the Gold Fields shareholding up for sale and the approaches were unsolicited.

"But that is not the same as saying Minorco would not sell in a saying Minorco would not sell in the same as saying

any circumstances. Mr Rowland did not make a firm financial offer but if he had said £25 a share I would have listened," he added with a broad grin. Gold Fields shares yesterday closed

16p higher at 1204p. Sir Michael was speaking after Minorco's annual meeting in Luxembourg, where it is based. He said that, with Mr Tony Lea, Minorco's finance director, he had attended a 45-minute meeting for coffee with Mr Rowland on October 26, the day after the

meeting was arranged by Sir Edward du Cann, Lonrho's chair-

During the discussions, Mr Rowland proposed that Lonrho should buy the stake but Sir Michael replied that Minorco was

on November 3, Mr Rowland was host at a dinner at Claridges Hotel in London attended by Mr Harry Oppenheimer, whose

Anglo-American/De Beers South African mining empire controls "At that dinner in the course of

wide ranging discussion on South African affairs, Mr Row-land touched lightly on the matter of Minorco's stake in Gold Fields but Mr Oppenheimer sud it was inappropriate for him to discuss the matter," Sir Michael reported.

He made it clear that his statement was to dispose of rumours about a "Rowland-Oppenheimer emphasise that Mr Oppenheimer was not involved in the day-to-day affairs of Minorco which has been stressing its new-found independence.

Sir Michael said Minorco was confident that Gold Fields share-holders would be "given another chance to consider an offer If the bid was unexpectedly blocked. Minorco would sell its Gold Fields stake. However, it

was strong enough not to be a

forced seller.

Britain's warming beer By Peter Marsh in London battle is put on ice

Lisa Wood looks behind the Monopolies referral of the Elders bid for Scottish & Newcastle

hen Mr John Elliott, the combative chair-man of Elders IXL, the Anstralian group, launched his. 11.6hn (12.8m) bid for Scottish & Newcortle Responsies he know Newcastle Breweries, he knew there was a high risk of it being referred to Britain's Monopolies

and Mergers Commission. But not because there was any major overlap between Courage -his first brewery in Britain - and S&N. Rather, because the MMC was already conducting a major investigation into the vertically integrated British brewing indus-

try where 45,200 pubs, out of a total of 82,000, are owned by established brewers.

Courage and S&N have 5,000 and 2,300 tied houses respectively. tively, and a merged business would create a block similar in size to the estate owned by Bass, the biggest UK brewer.

Sir Gordon Borrie, Director General of Fair Trading, had also warned in 1985 - and never been put to the test - that there might well be a case on public interest grounds against acquisition of a regional brewer by any of the five large brewers which owned

tied estates of pubs.

The tie is a uniquely British system which guarantees brewers' outlets for their beers but, which they claim, protects the plethora of small brewers and their brands.

Without the tie, the brewers claim, these small brands would be swallowed up by heavily advertised major brands - such as Elders' Foster's lager. Critics claim it is a price-fixing

cartal and the tie prevent entre-preneurs breaking into the pub market with new brands. The Department of Trade and Industry, in announcing the referral yesterday, said simply that the proposed merger raised questions of competition."

But Lord Young, Trade and Industry Secretary, made clear later that the driving force behind the referral - with a report due next March - was to put the bid on ice until the MMC report on the industry is completed in

February.
The first report could transform the industry and have a material effect on Elders and S&N's structures. The report could, for example, recommend that companies be forced to decide between being brewers or retailers. Some, such as Elders and Grand Metropolitan, appear confident about which way they

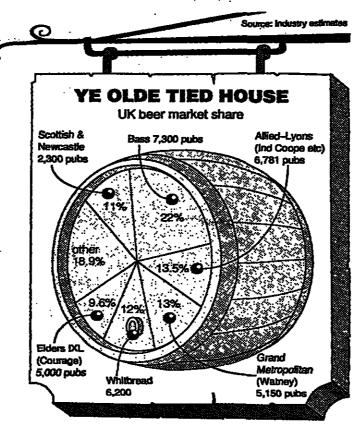
would jump.

Other possibilities being examined by the MMC include restrictions on the number of puls a brewer could own and limitations on loans to independent "free houses" where owners often negotiate loans from brewers in return for taking their beers. The two-year investigation has cast a wide net. An earlier report

150

in 1969 preferred a system whereby brewers did not own or control licensed outlets but made no recommendation on the abolition of the tie.

Elders faced an MMC inquiry in 1986 when it affronted the British brewing establishment by



making a highly leveraged £1.8bn bid for Allied-Lyons, Britain's second biggest brewer. By the time the financing arrangements were given a green light, Elders had turned its attention to Courage, which it acquired in 1986.

This year Elders started to build stakes in S&N and Greene King, a medium-sized East Anglian brewer. The City, mind-ful of Sir Gordon's 1985 statement, hedged its bets on whether the ambitious Australian brewer

would test the MMC again. Elders, which has already put its Courage pubs into a joint ven-ture - with Hudson Couway, an Australian property group appears confident of successfully emerging from the inquiry announced yesterday. Just how the MMC would effect the structure and operations of both S&N and Courage will emerge with the publication of the full report. However, Elders, which unashamedly calls itself a brewer, not a retailer, makes no

bones about wanting to be one of Britain's biggest brewers. Ironi-cally, it argues that its takeover of S&N would increase competition against brewers such as Philip Coggan writes: The Gov-

ernment's powers to refer bids to the Monopolies Commission stem from the 1973 Fair Trading Act which set out fairly broad criteria on when takeovers should be referred. That has given successive Secretaries of State considerable latitude for deciding on referrals, and caused many headaches for share traders and bid protagonists who wrongly divined intentions.

criticism of mergers policy in the wake of a series of seemingly erratic decisions.

The bid for confectionery company Rowntree from the Swiss groups Jacobs Suchard and Nes-tlé (the eventual winner) was not referred, despite much political lobbying, but Lord Young did refer "in the public interest" the Kuwaiti Investment Office's 22 per cent stake in British Petro-

A 22bn highly-leveraged bid for Dee Corporation (now renamed Gateway) by the much smaller Barker & Dobson was waved through - although it failed in the market - but Goodman Fielder Wattie's offer for Ranks Hovis McDougall was referred, on the grounds that a merged group with far higher borrowings would be less able to compete in the bread market.

Then Minorco's bid for Consolidated Gold Fields was referred on the somewhat surprising grounds that competition in the markets for titanium and zircon might be

Last month, Lord Young attempted to spell out the princi-ples of the government's policy in a speech. He said the main crite rion for a reference was the potential effect on competition in the UK.

Interference should only occur. he said, when it was in the best interests of the economy and references on public interest grounds would be "exceptional." The terms of the Elders reference carefully avoid any mention of public interest, concentrating on the effect on competition in the

Wellcome profits jump to £221m

MR Alfred Shepperd, chairman of Wellcome, the UK pharmaceuti-cal company, yesterday unveiled a 31 per cent increase in pre-tax profits and said he would welcome competitors to Retrovir, the group's big-selling drug which is the only licensed medication for treating AIDS.

Profits for the year to August 27 were £221.2m (\$392m), at the top end of analysts' expectations. The result was largely achieved through surging sales of Retrovir and of Zovirax, Wellcome's big-nest selling product which is prescribed to herpes sufferers.

Revenue from Zovirax leapt by

35 per cent to £216m while sales of Retrovir, in its first full year of marketing, came to £90m, making this Wellcome's third-biggest selling product. Ranking second is Actifed, a cough medicine.

Mr Shepperd said he could not comment on what proportion of Wellcome's 1988 profits came

from Retrovir. It was impossible, he said, to break out this figure. He was optimistic about the progress of the group during the coming year and said he would welcome competition from other companies which are working on AIDS medications.

"If anyone else comes out with a new drug for AIDS then God bless them," said Mr Shepperd. He added that to his knowledge no other formulation to treat the disease was close to to reaching the market.

Wellcome is conducting clini-cal trials which could lead to an extension of the use of Retrovir to treat patients who have been infected with the AIDS virus, yet who have not progressed to full-blown AIDS. Such an application could increase revenues from the drug considerably.

Dr Trevor Jones, Wellcome research director, said the company might be in a position

within the next two to three years to apply for government approval to sell Retrovir for such

a use. He also said the company had number of promising products in its research pipeline. These included formulations for treating epilepsy, hepatitis and heart

The group recorded especially good results in Italy and France, where sales increased by 47 per cent and 45 per cent measured in local currencies. On the same basis, revenues from Japan and North America climbed by 30 per cent and 25 per cent. Group sales rose by 10 per cent

to £1.25bn. Excluding the effect of currency fluctuations, turnover rose by 20 per cent and pre-tax profit by 53 per cent. Earnings per share climbed 35 per cent to 15.1p. A final dividend

of 2.6p per ordinary share will lift the total payment to 3.6p, compared with 2.31p in 1987.

Swiss Bank Corporation

has acquired

Commercial Bank (Jersey) Limited

The undersigned initiated this transaction and acted as financial advisor to the shareholders in Commercial Bank (Jersey) Limited.

Prudential-Bache Capital Funding

September 1988

INTERNATIONAL COMPANIES AND FINANCE

Daimler insists on MBB management control

MR EDZARD REUTER, the Daimler-MBB deal on polit-chairman of Daimler-Benz, the West German motor conglomerate, has insisted that his company be given full management control of Messer-the Bonn cabinet on Monday, schmitt-Bölkow-Blohm (MBB) has already aroused strong as a condition for taking its political controversy, on the planned 30 per cent stake in grounds that it will lead to an

the aerospace group.

Speaking after a supervisory board meeting of Daimler in Stuttgart. Mr Reuter made

Stuttgart. Mr Reuter made

Protests have been led by clear that he would give no guarantees about preserving jobs at MBB's 16 West German

His statement, indicating that the Stuttgart-based vehicle maker plans to streamline MBB's 38,500-strong Gerfrom trade unions vesterday. Mr Franz Steinkühler, chairman of IG Metall, the metal-workers union, said yesterday light for further talks to work

Protests have been led by the Opposition Social Demo-cratic Party (SPD), but the centre-Right Bonn coalition has also been badly split on the issue. The group resulting from the link will be by far West Germany's largest, with turnover of around DM80bn

The Daimler supervisory in Frankfurt that he opposed out the details of the MBB

takeover. This will involve a capital increase and a reduction in the participations in MBB of three West German states currently holding a 52 per cent stake of the aerospace

Mr Alfred Herrhausen, chief executive of Deutsche Bank, who is also chairman of Daim-ler's supervisory board, said the supervisory board would make its final decision before Christmas on whether or not to go ahead with the MBB deal. He said the takeover formed the first step towards genuine European co-operation in aero-

Mr Steinkühler, who is also on the Daimler supervisory meeting that all the IG Metall members on the 20-strong board voted against the MBB transaction.

Y14.2bm.
After-tax profit jumped 52.2
per cent to Y9.5bm or Y16.08 per share.

Pre-tax profits of Minolta

Overseas demand for single lens reflex cameras was

Domestic camera sales were brisk, helped by the introduction of new auto focus cam-eras, and the company main-tained its 40 per cent market

its pre-tax profit for the full year would rise 17.7 per cent to Y6bn.

THE END OF the Iran-Iraq war has brought big changes to one of Chile's largest companies.

By Ian Rodger

report

TWO LEADING Japanese optical groups, Ricoh and Min-olta Camera, have reported strong profit gains in the six months to September 30, mainly as a result of cost cut-

sharp gains

Ricoh and

Minolta

Camera

Ricoh said its pre-tax profit rose 20.3 per cent to Y15.8bn, much more strongly than sales, which were up 7.1 per cent to Y289.3bn.

Sales growth of business equipment offset declines in the camera and opticial equip-

Sales of copiers rose 3.4 per cent to Y133.4bn and those of information equipment were up 11.7 per cent to Y86.6bn. However, sales of cameras and other optical equipment dropped 6 per cent to

The company forecast that its pretax profit in the full year would rise 18 per cent to Y32bn. rose 24.1 per cent Y3.23bn, thanks mainly to cost cutting and improved results on financial operations. Sales fell 5.4 per cent to Y94.2bn.

weaker, especially in North America, partly because of higher export prices.

The company's export ratio went down by 4.3 points to

76.1 per cent.

The business machine division's sales of laser printers and facsimile machines grew steadily, but copier sales failed to advance because of fierce competition.

After-tax profits rose 1.8 per cent to Y1.4hn. The company forecast that

Battle for Chilean weapons group

Barbara Durr reports on Industrias Cardoen's plans to diversify

The weapons conglomerate Industrias Cardoen, chief sup-plier to the Iraqi airforce dur-ing the war, has been forced to convert to diversified non-military products and engineering services. But its business with Iraq is hardly over.

The company, whose net sales last year were \$80.2m according to its just published triennial report, says that it is collaborating "at all levels" with post-war reconstruction of

Its most controversial contribution to Iraq in this regard is construction of a weapons fac-tory, where Western intelligence sources say the Iraqis are building chemicals weap-ons. This appears to be just

By Our Financial Staff

GAF, the US specialty chemicals and building materi-als group, which is the target of a management buy-out, saw

net profits fall in the third

quarter, despite strong performances by its main businesses.

Operating income jumped 30 per cent to \$53.7m but after expenses of \$15.1m connected

with the management buy-out and \$1.8m net loss involving

the investment portfolio

income before eatraordinary

items came out at \$11.8m,

After extraordinary credits,

against \$30.3m last year.

for the company. Mr Carlos Cardoen, the 46-year old president and owner

of 99 per cent of the company (his wife owns the other I per cent), said in a letter in the triennial report: "We shall make even closer the good relation which has bound Industrias Cardoen and the people of Iraq over these years." He added that the company was directing its engineering efforts "to broaden the Iraqi manufacturing and technological platform."

Although Mr Raul Montesino, spokesman for the company, denies that Cardoen produces or has produced chemical weapons, among the companies reported to be in its Chilean group is Exploquim, a chemical explosives factory.

Mr Montesino says that the

Buy-out costs hit GAF profits

however, the net income figure

rises to \$14.2m or 50 cents a share, compared with \$42.1m

or \$1.22 last time. Revenues

were well ahead at \$253.2m,

put in a record quarter, raising

profits by 19 per cent to \$41.1m. The businesses were boosted

by a strong performance in

overseas markets, foreign exchange gains and the inclu-

sion of Alkaril Chemical

The building materials side also unveiled a strong perfor-

The chemicals operations

one of a series of Iraqi projects company, forseeing the end of goal a year ago to invert its ratio of 85 per cent weapons to 15 per cent civilian products by the end of 1989. The company's military products have included cluster bombs, hand grenades, various types of aerial bombs including high fragmentation and delayed action bombs, armoured vehicles, belicopters, anti-per-

> charges. In line with the company's new direction, it has recently acquired 5,000 hectares of land for a new agro-industrial complex. This will combine the somewhat bizarre array of Car-doen's new and old businesses. Nectarines, kiwis and other exportable fruits will be grown alongside plants for chemical

mance. It lifted operating prof-

its by 85 per cent to \$12.4m after benefiting from lower raw

material costs, higher selling

prices and increased margins.
At the nine-month stage the company also recorded sharply lower net income which fell from \$216.2m or \$5.07 a share last year to \$78.4 or \$2.74 on

sales up 17 per cent to \$736.4m.

The income figures, how-ever, included a number of

extraordinary items which last

year amounted to a credit of \$135.6m, and this year a credit

sonnel and anti-tank mines.

torpedoes and demolition

industrial use. A new explosives factory and an electronics plant are also included.

-Industrias Cardoon began in 1977 by making explosives for mining. It will now return to the mining sector, this time with interests in gold, silver, tungsten and lithium mining. Its armoured cars are to be converted into multi-use vehicles under a Swedish patent and its helicopters will now be built for civilian as well as military use. The company has already begun its diversification into timber, construction and sports hover-

The conversion has eaten into Cardoen's profits. In 1985 its net earnings on \$89m in sales were \$23.5m, but earnings fell last year to \$9.2m. Total assets at end-1987 were \$88.1m.

Semiconductor market softens

By Louise Kehoe in San Francisco

FURTHER EVIDENCE that the a three year low in October, semiconductor industry is the trade group said. The ratio heading into a significant slow-down after two years of buoy-ments billed by US, Japanese ant growth came yesterday with the publication of October sales and order data by the Semiconductor Industry Association (SIA), a US trade group. Separately,US semiconductor industry executives said that much of the weakness stemmed from declining semi-

conductor orders by some major personal computer manufacturers, including IBM.

The industry's leading indicator, the book-to-bill ratio, hit growth of major end markets."

and European semiconductor manufacturers doing business in the US market fell to 0.92, down from 0.97 in September. Mr Doug Andrey, SIA's man-

ager of industry statistics, said:
"The decline in bookings is being driven by correcting inventory levels at major systems manufacturers, shortening delivery lead-times in

According to industry executives, IBM and some other personal computer manufacturers but not all, have reduced their order rates over recent weeks. While personal computer sales continue to be strong, the semiconductor manufacturers say they believe their customers are holding higher than average inventories of semi-

Also bringing down the book-to-bill ratio is a more plentiful supply of key micro-processor and related chips for

Modest rises at Japanese oil refiners

payout from Y3.75 to Y6.25.

By Stefan Wagstyl in Tokyo

THREE OF Japan's largest oil refining and marketing compa-nies reported modest increases in interim profits, despite recording lower turnover because of a decline in oil

Nippon Oil, the largest group, increased profits in the period to the end of September by 6 per cent to \$14.4bn pre-tax, due largely to an increase in

high-grade oils to raise margins. It is forecasting a slight decline in sales to Y1,640bn for the year to March, with a modest increase in pre-tax profits

Mitsubishi Oil, part of the Mitsubishi group of companies, reported a 22 per cent increase

ments. Sales were 4.8 per cent in pre-tax profits to Y9.3bm on lower at Y787bn. in pre-tax profits to Y9.3bm on a 1 per cent decline in sales to Y313bn. The company said cuts Nippon Oil is investing in in management and production costs were improving margins.

General Sekiyu, 47 per cent owned by Exxon of the US, reported a 63 per cent rise Y9.3bn, despite a 1.4 per cent decline in turnover to Y207bn. The company lifted its interim

Tisco and Telco advance strongly

results

against \$222.5m.

By R.C Murthy in Bombay

PROFITS at the top two companies of the Tata Group have risen strongly in the first half to September.

Tata Iron and Steel Company (Tisco), the flagship company, benefited from a price increase allowed by the Government under the system of adminis-tered prices for certain categories of steel. It saw interim sales rise to Rs8.04bn (\$543m), from Rs6.62bn in the 1987 period. Profits before deprecia-tion and tax surged to Rs1.16

New Issue

Investment banking

Zentralbank eG

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bn, against Rs685m, and net profits nearly doubled to Rs539.4m, from Rs286.5m. Stock markets, which had already discounted the impact

of steel price increases, were upset by the observations of Mr Russi Mody, Tisco's chair-man, who hinted at pressure on profit margins later this year when the management concludes a new wage agree-ment now under negotiation with unions at the steel works. Tata Engineering and Loco-

motive Company (Telco), the country's largest truck producer, lifted interim commercial vehicle sales to Rs6.04bn. The figure was Rs5.02bn in the first half of last year. Profits before tax jumped to Rs286.8m, and net profits nearly doubled to Rs62m, from Rs32m.

Telco has expanded the range of vehicles it produces and is competing with Japa-ness vehicles produced in India

Banks invited to bid for \$400m Oatar financing By Stephen Fidler

BANKS HAVE been invited to bid on a \$400m construction loan which will finance part of the first phase of the North Field natural gas project off the coast of Qatar in the Guif.

The financing will be guaranteed by the State of Qatar, and will mark the first borrowing it has made publicly.

First Boston, the US firm which is advising Qatar on the financing of the project, the first phase of which is esti-mated to cost about \$1.3bn, has asked for banks to respond by the end of the month with bids on a three-year construc-

It is expected that the loan will be signed in January, although an immediate draw-down of the full amount is not envisaged. The entire amount will be repaid on maturity.

Qatar is understood to have a number of options about the funding of the rest of the first phase, of which a further fin-ancing is a possibility.

The first phase of the project is now on schedule to be in

16.50

production in 1991. Full production is put at 800m cu ft of wet natural gas a

November 10, 1988

Yamaichi International

(Deutschland) GmbH

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- and British Airways? ... has despatched 75 million pieces of mail in the last year?

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INTERNATIONAL COMPANIES AND FINANCE

Dresdner Bank and Allianz deny equity link plans

ALLIANZ, Europe's biggest insurance company, and Dresdner Bank, West Germany's second biggest bank, yesterday moved swiftly to deny exaggerated press reports adding weight to rumours that the two are on the brink of an equity link.

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equity link.
In a newspaper interview yesterday, Mr Wolfgang Schieren, Allianz's chief executive, confirmed that his company now held more than 5 per cent of the shares in Dresdner Bank, whose share price has been under persistent buying pressure from an unnamed source in recent months.

But he took pains to point out that such a stake was by no means unusual for an institutional investor of Allianz's size. The company is known to have sold shares heavily before last year's stock market crash, and has since been steadily building up its portfolio in a wide range of well-known Ger-man blue chips, including

"There is nothing unusual going on," stressed Mrs Imai-Alexandra Roehreke, an Allianz offical Meanwhile, Dresdner Bank refused to com-ment on the rumours, which Spanish market

unfounded.
Separately, Allianz confirmed that it will be taking a stake in Banco Popular Espanol, Spain's seventh biggest bank. The precise size of its planned holding, widely reported in the press at around 5 per cent, remains unclear, but further details are expected. but further details are expected to emerge either later today or on Monday.

Banco Popular, which has been the subject of takeover rumours in Madrid for some time, is believed to be in talks with a number of parties interested in small stakes in it. Allianz has long been interested in gaining better access to the Spanish market, where annual growth rates of 30-40 per cent have been forecast for

life insurance. "We always have our ears to the ground" for potential acquisitions in Spain, said Mr Schieren in an interview with the Financial Times earlier this year. Linking more closely with Banco Popular, which has some 900 branches, should substantially improve Allianz's

Monsanto silicon unit

By Haig Simonian

HULS, the chemicals subsidiary of Veba, the West German energy group, is continuing the gradual diversification of its sales and currency base through the planned acquisition of the sileon business of Monsanto the

panned acquisition of the sin-con business of Monsanto, the US chemicals company, for an undisclosed sum.

Hills, which last year payed DMIbn (\$568m) for the chemi-cals and plastics operations of Dynamit Nobel, another Ger-man chemicals grown is how. man chemicals group, is buy-ing Monsanto Electronic Mate-rials (MEM), based in Palo Atto, California, subject to regulatory approval.

MRM produces pure silicon waters, which are used by the electronics industry for produ-cing integrated circuits. The company, which has around 2,900 workers, had sales of some \$185m last year.

The purchase of MEM, which has production facilities in the US and the Far East, marks a further important step in Hüls' expansion, notably of its existing pure silicon activities. It also continues its strategy

of broadening its sales base beyond Germany and conti-nental Europe and diversifying its currency exposure.

Hüls to buy | Goodman still on takeover trail

By Dai Hayward in Weilington

GOODMAN FIELDER Wattie, the Australasian food giant, is still determined to acquire major companies in Britain and elsewhere in Europe, despite the failure of its bid for Ranks Hovis McDougall, the British baking group.

Mr Pat Goodman, chairman, says in the annual report that the company is determined to build a strong position in Europe well in advance of the 1992 EC internal market certain extent on how soon the company is able to dispose of its 29.9 per cent stake in RHM.

Mr Duncan McDonald, Goodman's managing director, said

reforms. The acquisition of the company was now recog-Meneba, the Dutch food com-nised in the international capipany, was part of this strategy. During the bid for RHM other opportunities in the UK which interested Goodman had

come to its attention. However, it is believed that such an expansion would depend to a certain extent on how soon the

tal markets and there was plenty of support during its takeover offer for RHM. Goodman Fielder reported a

tax-paid profit, before extraor-dinary items, of NZ\$200.2m (US\$127m) for the year ended June 30. Of this, NZ\$143.2m came from the Australian region - an increase of 15 per cent. New Zealand profits were below expectations - mainly cent stake in RHM.

because of cyclone Bola earlier this year and the economic downturn which affected demand for consumer goods.

Debt rose by 73 per cent to NZ\$1.35bn - mainly due to the merger with Wattle Industries and other investment. Net asset backing per share rose from NZ\$1.13 to NZ\$1.27 a share. The company is still als for the sale of its 29.9 per

Pharmacia in SKr1.3bn leaseback

By Sara Webb in Stockholm

PHARMACIA, the Swedish biotechnology and pharmaceuticals group, has agreed to a SKr1.3bn (\$212m) sale-lease-back deal which it says will help to cover the cost of recent acquisitions and boost its research and development efforts in future.

The group is selling its offices and industrial proper-ties in Uppsala and Umea for SKr1.3bn to FastighetsRenting. a Stockholm-based property leasing company, and rent them back over a 25-year period with the right to buy them back at the original price afterwards.

Mr Bertil Tiusanen, chief financial officer, said the deal would be used partly to pay back Pharmacia's loans and partly to finance further research and boost marketing. The group spends about SKribn annually on R&D in the biotechnology, ophthalmol-

ogy, diagnostics and health care fields and recently launched a new research project into biosensors. With the recent boom in the Swedish property market, sev-

eral companies have turned to sale-leaseback arrangements to release capital for further

SBC backs code on bids

By John Wicks in Zurich

SWISS BANK Corporation has backed proposals for the estab-lishment of a US-style code of conduct for public takeover bids in Switzerland.

Last week, Union Bank of Switzerland supported the adoption of a system whereby the acquisition of between 5 per cent and 10 per cent of a company's capital should be reported. This had previously been proposed by Mr Caspar Villiger, a member of the Swiss

SBC also goes along with the UBS suggestion that the explicit mention of foreigner status" in the draft revision of the country's equity law as a reason for non-entry of registered shares into Swiss stock

ledgers should be reviewed. "Alternative solutions should be sought to ensure compatibility with European practices," Mr Walter G. Frehner, executive board president, said. He added that it should be enough to permit the fixing of a maximum holding for individual registered shareholders. On SBC's prospects, Mr Frehner said it was possible

that net profits this year would be rather higher than the SFr652.3m (\$440m) of 1987. Early next year, the bank is to introduce a central management for its london-based subsidiaries, SBCI Swiss Bank Corporation Investment Banking, SBCI Savory Milln and its London branch.

Reshaping for Preussag

By Our Financial Staff

PREUSSAG, the energy and metals group, plans to reorgan-ise itself into a industrial holding group now that it has spun off its core metals refining operations into a joint venture with Société Minière et Metallurgique de Penarroya of France.

Mr Erwin Moeller, Preus-

sag's new chairman, said that the company proposed to com-bine the remainder of its businesses in oil, gas and services into legally independent units over the next two years to become a "pure" industrial holding.

He said the move would allow Preussag to achieve cost efficiencies and free funds for investments.

In the first three quarters of 1988, turnover rose to DM8.6bn (\$4.88bn), a gain of 43 per cent from DM6bn a year-earlier.

But of the total only

DM1.5bn was generated by the parent comany, while the remaining turnover came from legally independent units in metals processing, trading and Preussag's turnover has

risen sharply as a result of its consolidation of the W.O. Bergmann metals trading group.
Sales growth, however, slowed from the 63 per cent pace in the second quarter because metals processing operations were folded into Metaleurop, the Penarroya

WELLCOME RESULTS 1988

Another good year

FINANCIAL HIGHLIGHTS	1988 £m	1987 £m	% increase
Turnover	1,250-5*	1,132-4	10%
Exports from the UK	255·5*	228-1	12%
Research and development expenditure	163·7*	142-4	15%
Profit before taxation	221·2*	169-1	31%
Profit attributable to shareholders	127-1*	94-1	35%
Dividends	30-4*	23.7	28%
Earnings per ordinary share	15·1p*	11-2p	35%
Shareholders' funds	652-6*	559.0	17%

*All these constitute new group records.

Mr A J Shepperd, Chairman and Chief Executive, reports:

Unfavourable exchange rates were matched by an extremely competitive environment for many of our products. We are therefore pleased to announce another year of record profits.

In 1988 our worldwide business grew well, notably in continental Europe and Japan.

Acyclovir, our anti-herpes drug, launched in 1981, and now the Group's largest selling product, showed continued strong growth, with sales up by 35 per cent to £216 million.

This is the first year that sales of zidovudine, the only antiviral treatment currently licensed for AIDS, contributed for the whole period. Total zidovudine sales amounted to £90 million.

Capital expenditure of £133 million was incurred for future support of the business and capital commitments amount to £143 million.

If you would like a copy of the Wellcome plc annual report for 1988 (available from 2nd December), please contact the Public Relations Department, Wellcome plc, The Wellcome Building, PO Box 129, 183 Euston Road, London NW1 2BP.

Wellcome

Equiticorp shows profit

EQUITICORP International, the New Zealand investment group which incorporates Equiticorp Holdings, reported a profit of NZ\$43.6m (US\$27.6m) for the first five months of operations up to August 31,

writes Dai Hayward. It had total assets of NZ\$2.2bn, but these included Feltrax International, which has since been sold to BTR

Mr Alan Hawkins chairman, said the restructuring of the group to form one public company listed in New Zealand is substantially completed. Before the restructuring, Equiticorp Holdings reported a loss of NZ\$26.9m for the 17 months which ended on August 31 and a NZ\$226m asset writedown. Stock exchange listings are

now being sought in Hong

Kong and Australia.

Mediobanca issue date set

THE PUBLIC offering of 13.3 bank confirmed. per cent of Mediobanca, the Italian merchant bank, by its majority shareholders has been Roma said they would offer set for November 21 to 25, the 27.1m shares.

COMPANY NOTICES

PAROIL FUND

Avis aux Participants

LEGAL NOTICES

EASURESKILL LIMITED

CLUBS

Eve has outlived the others ecause of a policy on fair. play and value for money. Supper from 10-3.30 am. Disco and top musicians, xciting floorshows. 189. Recent St. Wi. 01-734 0557.

DE BAN

INDIA

The Financial Times proposes to publish this survey on:

20th December 1988

For a full editorial syno

Hugh Sutton on 01-248 8000 ext 3238

Bracken House 10 Cannon Street

FINANCIAL TIMES

EC4P 4BY

This announcement appears as a matter of record only



£35,000,000 **Revolving Loan Facility**

Arranged by:

THE SUMITOMO BANK, LIMITED

Lead Managed By:

The Sumitomo Bank, Limited

Amsterdam-Rotterdam Bank N.V., (London Branch)

Den Danske Bank

HongkongBank Group

Kansallis Banking Group

Swiss Bank Corporation

Union Bank of Switzerland (London Branch)



THE SUMITOMO BANK, LIMITED

October 1988

INTERNATIONAL COMPANIES AND FINANCE

National Australia Bank reports record profit

A STRONG performance from the Clydesdale and Northern banks has helped the National Australia Bank (NAB), the country's third-largest in terms of global assets, report a record A\$531m (US\$275m) net profit and a doubling of its dividend. Figures released yesterday for the year to September showed that the UK and Irish banks, acquired last year from the Midland Bank, made an 11-

month contribution to group operating profit of A\$85.8m, bigger than any other division apart from the NAB's dominant trading bank operation. The overall figure after tax and minorities was A\$531.4m, 62 per cent higher than in the previous 12 months, and was reached on a 24.7 per cent increase in gross revenue to A\$7.46bn. Extraordinary items after tax added another A\$38m.

The bank declared a final dividend of 35 Australian cents

a share, making an overall

Kubota interim

up to Y16.5bn

By Stefan Wagstyl in Tokyo

of September increased by 8.2 per cent to Y284bn on an

unconsolidated basis for the

parent company. Kubota said that an increase in turnover in

construction equipment offset a decline in agricultural machinery sales. Sales of pipes and housing equipment rose by more than 10 per cent.

For the year as whole, Kubota forecasts sales of

Y610bn, up 9.3 per cent, and profits of Y34bn pre-tax, up 16.6 per cent.

more than double the previous year's 24.75 cents. The fullyfranked dividend comprises 32 cents cash and 18 cents scrip and represents a pay-out ratio of 65.4 per cent, up from 35.3

Mr Nobby Clark, the bank's

managing director, called the result "extremely pleasing." He said it reflected the success of the group's strategies, a favourable economic climate and the contribution from the UK and Irish banks, offset to some extent by a narrowing of margins as Australian interest rates rose in the last quarter.
He announced that the bank
had sold off all its debts to rescheduling countries for an average of about 50 per cent of their value. Overall, A\$143.3m had been written off for these debts. Other bad debts written off amounted to A\$190m, making a total of A\$333m, up A\$241m. Total provisions for

annual dividend of 50 cents, bad and doubtful debts amounted to A\$497m, up from

Significantly, the bank said no provision need be made for the A\$150m repaid by Roth-wells, the troubled Perth merchant bank now under provi-sional liquidation. The facility was secured by an indemnity from the Western Australian state government and indicated this could be invoked if the liquidator decided NAB

had received preference and called back the A\$150m. On the outlook, Mr Clark said the bank would be able to maintain its high level of dividends in future years. It would benefit from continued economic growth, a 10-point reduction in corporation tax to 39 per cent, advantageous changes in capital ratios, a full-year contribution from the UK and Irish banks and the absence of provisions for res-cheduled country debt.

Non-textile divisions assist Asahi Chemical

By Stefan Wagstyl in Tokyo

KUBOTA, the Japanese agricultural and construction ASAHI CHEMICAL Industry, a equipment company, yesterday reported a 16.3 per cent increase in interim pre-tax profits to Y16.5bn (\$133m), due to strong sales of pipes and housing materials. leading Japanese synthetic fibre maker, yesterday reported a sharp increase in interim pre-tax profit, due mainly to strong sales in its non-textiles divisions. Sales in the period to the end

Profits rose 44.7 per cent to Y33.1bn (\$267m) in the six months to the end of September on sales of Y395bn, an increase of 5.5 per cent. Sales fell in the textile business, which has been rational-

ised, but the group saw strong turnover increases in in plas-tics, resins and rubber and building materials. Asahi expects to continue its diversification away from tex-tiles. For the full year, the

company forecasts a pre-tax profit of Y66bn, up 23 per cent, on sales of 810bn, or 66 per cent

increases. Sales increases in non-textile business were offset by difficult conditions in the textiles market, where imports have soared in the past two

Kanebo saw interim profits rise 7 per cent to Y4.3bn pre-tax on sales of Y237bn. It forecasts Y9bn for the year on Y480bn turnover.

The company has high hopes that sales of finished goods will continue to grow, replacing declining turnover in fibres. It also says its cosmetics business, some 30 per cent of turnover, is strong.

Toyobo's pre-tax profits rose

16.4 per cent to Y7.2bn on sales up 8 per cent to Y158bn. Sales of wrapping film were strong. of wrapping film were strong. In textiles, brisk sales of wool and acrylic fibre more than off-

Kanebo and Toyoho, two medium-sized textiles groups which have also diversified, reported modest profit sales of Y318bn. set sluggish sales of cotton. Toyobo expects to make unchanged pre-tax profits of Y14bn in the year to March, on sales of Y318bn.

Takeda profits decrease

By Ian Rodger in Tokyo

PRE-TAX PROFITS of Takeda company attributed the profit Chemical and Fujisawa Pharmaceutical fell in the six months to September 30, but those of Eisai and Daiichi Seiver and a fall in non-operating expenses. In the full-those of Eisai and Daiichi Seiver and the full-those of Eisai and the full-those of Eisai and the full-those of Eisai and the full-those of Ei yaku, other leading Japanese pharmaceutical groups,

Takeda, Japan's top pharma-ceutical group, said its pre-tax profits dropped 6.7 per cent to Y37.1bn (\$299m), mainly because of investment in research products both in Japan and overseas.

Y285.3bn, reflecting the group's success in offsetting cuts in drug prices in Japan. The Y30bn in the full year, up 11.5 group is forecasting a pre-tax per cent. profit of Y75bn in the full year, Daiichi Seiyaku's pre-tax

its will rise 1.5 per cent to

Eisai said profits were up 17.5 per cent to Y17.2bn on sales up 9.7 per cent to Y93.9hn, as strong sales of new drugs offset reduced prices set by the government health insurance scheme. Sales of Celeport, a drug to alleviate Sales rose 5.9 per cent to senility, were particularly strong. The company is fore-casting prices in Japan. The v30bn in the full year, up 11.5

up 3 per cent.

Pre-tax profits of Fujisawa
Pharmaceutical fell 21 per cent
to Y9.7bn, although sales rose
6.4 per cent to Y99.5bn. The

Talkin Seryakus s pre-tax
profits rose 16.4 per cent to
Y20.7bn on sales up 14.7 per
cent to Y81.8bn. The group is
forecasting a pre-tax profit of
Y41bn for the full year.

Yamaha earnings decline

By Gordon Cramb in Tokyo

YAMAHA CORPORATION, the world's leading maker of musical instruments and a one-third owner of Yamaha Motor, showed an earnings setback in

Pre-tax profits fell 12.7 per cent to Y10.5bn 85m and net

and audio equipment, while demand was best for its less profitable lines, Yamaha sald

Sales of other electronic musical instruments as well as traditional pianos grew

Casio Computer, the maker of digital watches and calculators which is also noted

in year-end.
Sales were up 9.2 per cent to
Y116.5bn. Casio sald it was

Jardine **Matheson** chief to go back to US

By Michael Marray in Hong Kong

MR BRIAN POWERS, Jardine Mk BKIAN FUWKKS, Jarume Matheson's managing director, is to leave Hong Kong at the end of December, and will be succeeded by Mr Nigel Rich, currently Hongkong Land's chief executive officer, the Jardines group said yesterday in

dines group said yesterday in a surprise announcement. Mr Powers, a former investment banker, became the first American to hold the top position at Jardines group.

After joining Jardines in 1986 he helped to mastermind the group restructuring that year. The company said he is to return to the US for personal reasons.

Mr Powers helped organise the 1986 Jardines group restructuring which saw the Dairy Farm International retailing division and the Man-

Dairy Farm International retailing division and the Mandarin Oriental International hotel unit demerged from Hongkong Land and separately listed. Control over the group was subsequently strengthened through a complex series of corporate manoeuvres and the creation of a new holding company, Jardine Strategic Holdings. In May of this year, Jardine Strategic agreed to buy back a block of Hongkong Land shares from three predators, who signed an unusual agreement not to amass major holdings in any Jardines company

ment not to amass major mou-ings in any Jardines company for the next seven years, thus ending a long period of take-over speculation.

Less successfully, Mr Powers was involved in the ill-fated Beer Stearns deal, which saw Jardines agreeing to acquire 20 per cent of the New York investment bank, only to pull out in the wake of the stock market much Beer Stearns is market crash. Bear Stearns is suing Jardines over that decision, in a legal action which could take years to resolve.

Egypt takes control of Islamic fund and detains directors

By Tony Walker in Cairo

principals.

Early yesterday, police raided the premises of Al Rayan, Egypt's largest investment house, seizing documents and sealing the offices, pending further investigation of the affairs of the Tewlik family and associates who controlled the company.

The Government had given Islamic finance houses until

Islamic finance houses until November 8 to provide a full statement of their business affairs and an indication of whether they were willing to comply with a new investment company law promulgated in mid-year. Mr Fag el-Nour, head of Egypt's Capital Markets Authority – the Government's financial regulatory agency—said yesterday that Al Rayan's response to the requirement that it give a full account of its affairs by the November 8 deadline had been evasive and recovered the incomplete. He accused the company of "persistently fooling the public." Al Rayan has claimed that it is holding Eszbu (\$870m) in the funds of some 150,000 depositors. About

half of this money is lodged in foreign bank accounts, according to an Al Rayan spokesman.
One aim of Law 146, which seeks to impose discipline on the unruly Islamic finance sector, is to force these institutions to repatriate funds held abroad. Government officials, citing the case of the Marcos family, said Egypt would use all means at its disposal to trace and retrieve this money. Mr el-Nour said that of the 104 investment companies notionally subject to the new law, 54 had responded to the November 8 deadline. Only a handful

DIRECTORS OF a big Islamic fund in Egypt have been detained and the company's assets put under government control, amid official accusations of wrongdoing against its principals.

Early yesterday, police raided the premises of Al defrauded the public would be subject to prosecution. Among subject to prosecution. Among companies which had fulfilled companies which had histied reporting requirements were Al Sharif and Al Saad, two of the biggest investment houses. Hoda Misr and Badr, the other large Islamic funds, were being given additional time to provide five provided attenuants.

vide financial statements. Islamic investment companies achieved rapid growth by nies achieved rapid growth by offering high rates of return of up to 24 per cent annually on deposits, under profit and loss agreements they made with their clients. Company spokesmen denied repeated accusations by bankers that they were operating "pyramid" schemes, whereby they paid dividends from the funds of new investors.

new investors.
Government attempts to Government attempts to bring the unruly Islamic investment sector under control have been spurred by fears that the collapse of a big company would cause political problems, and possibly civil unrest. Mr Hosni Mubarak, Egypt's President, said yesterday that the authorities would sgyr s resident, saw yesterday that the authorities would pursue perpetrators of fraud among principals of investment companies. "We'll chop off their heads through the law" he declared

law," he declared.

The Islamic funds were forced to suspend taking deposits when the new Law 146 was approved by parliament in June. Some of these institutions have continued to pay interest. Foreign bankers warned that it would be difficult and time consuming for the Government to retrieve funds lodged abroad.

NOTICE OF REDEMPTION

To the Holders of

Courtaulds International Finance N.V.

\$20,000,000 9%% Sterling Foreign Currency Guaranteed Loan due 1989

NOTICE IS HEREBY GIVEN that, the Sinking Fund due December 15, 1988 has been carried out by a purchase of £365,000 nominal value Bonds and a selection by lot of £885,000 numinal value Bonds for redemption on December 15. 1988 at par as follows:

> OFTSTANDING BONDS OF £500 EACH BEARING SERIAL NUMBERS ENDING IN THE FOLLOWING TWO DIGITS:

46 48

ALSO RONDS OF \$500 EACH BEARING THE FOLLOWING SERIAL NUMBERS:

Said Bonds may be presented for payment to Morgan Guaranty Trust Company of New York, 30 West Broadway. New York, New York 10015 or to the other Paying Agents named on the Bonds. Bonds surrendered for redemption should have attached all unmatured coupons appurtenant thereto. Coupons due December 15, 1988 should be detached and collected in the usual manner. PAYMENT WILL RE WADE ON DECEMBER 15, 1988 AGAINST SURRENDER OF PAYMENT WILL BE MADE ON DECEMBER 15.1988 AGAINST SURRENDER OF BONDS IN STERLING OR, AT THE OPTION OF THE BEARER. IN U.S. DOLLARS CALCULATED AS SET FORTH IN CONDITION 8 OF THE BONDS, SUCH OPTION TO RECEIVE DOLLARS IS IRREVOCABLE AND MAY BE MADE ONLY BY THE PRESENTATION AND SURRENDER OF SUCH BONDS, TOGETHER WITH A COMPLETED NOTICE OF EXERCISE OF DOLLAR OPTION, AT THE PRINCIPAL OFFICE OF ANY OF THE PAYING AGENTS NOT LATER THAN DECEMBER 5, 1988, INTEREST ON THE BONDS IS PAYABLE ONLY IN U.S. DOLLARS.

IS PAYABLE ONLY IN U.S. DOLLARS,
Payments will be made (i) in the case of any payment to be made in pounds sterling by
a cheque drawn on, or by transfer to an account maintained by the payee with, a bank in
London, subject in each case to any laws or regulations applicable thereto, and (ii) in the case
of any payment to be made in U.S. dollars, all payments in dollars shall be made in New York
Clearing House funds and payments made outside the United States of America shall be made
by cheque drawn on, or by transfer to an account maintained by the payee with, a bank in
New York City, subject in each case to any laws or regulations applicable thereto. Any such
payment made by transfer to an account maintained by the payee with a bank in the United
States may be subject to reporting to the United States Internal Revenue Service (IRS) and to
harkup withholding of 20% of the gross proceeds if payees not recognized as exempt recipients
fad to provide the paying agent with an executed IRS form W-8 in the case of non-U.S. persons
certifying under penalties of perjury that the payee is not a U.S. person or an executed IRS Form W-) in the case of U.S. persons certifying under penalties of perjury that the payee is not a U.S person or an executed IRS Form W-) in the case of U.S. persons certifying under penalties of perjury the payee's taxpayer identification number temployer identification number or social security number, as appropriate t. Those holders who are required to provide their correct taxpayer identification number on Internal Revenue Service Form W-9 and who fall to do so may also be subject to a penalty of \$50. Please therefore provide the appropriate certification when presenting tour securities for nature of your scrupities for has ment. From and after December 15, 1988 interest shall cease to accrue on the Bonds herein design

nated for redemption COURTAULDS INTERNATIONAL FINANCE N.V. By: Morgan Guaranty Trust Company

Dated: November 10, 1988

the half-year to September despite continued growth in

earnings were down 4.8 per cent at just under the Y4bn mark. Turnover was 3.7 per cent higher at Y211.4bn.
It blamed growing costs and slow sales of electronic organs

smoothly.

For the full year, it expects little change from the half-way trend, with profits down 12.8 per cent before tax to stand at Y13.5bn, on sales rising 2.1 per cent to touch Y400bn.

for its electronic musical instruments such as key-boards, lifted its pre-tax profits 36.6 per cent to Y4.4bn, despite a reporting period shortened by 10 days because of a change

helped by better prices for its basic-function products, while there was strong demand for electronic organisers.

THE ROYAL BANK OF CANADA Dividend No. 405 NOTICE IS HEREBY GIVEN THAT a dividend of

GIVEN THAT a dividend of 52 cents per share upon the paid up common shares of this Bank has been declared for the current quarter and will be plyable at the Bank and its Branches on and after 24 Newsmber 1988 to shersholders of record at close of business on 24 October 1968.

By order of the Board Jane E. Lawson

NOTICE OF EARLY REDEMPTION

Credit National £100,000,000 Guaranteed Floating Rate Notes 1995

Notice is hereby given that, is accordance with Condition 21b) of the Terms and Conditions endoused on the Notes, Credit National will, on the 20th December 1986 (the "Redemption Date") redeem all of the Notes then outstanding at their principal amount. Payment of Principal will be useded on and after the Redemption Date in the number provided in the Conditions against strender of Notes, together with coupon No. 22 and all subsequent stacked. Coupon No. 23 (dar on 20th December 1983) should be detached from the Notes and presented for payment to the usual number, Interest will create to accrue on and after the Redemption Date.

Hambros Bank Limited Fiscal and Principal Paying Agent

Banco Di Napoli International S.A. U.S. \$150,000,000 Floating Rate Notes due 1991

For the six months 9th November, 1988 to 9th May, 1989 the Notes will carry an interest rate of 81% of per annum with an interest amount of U.S. \$436.79 per U.S. \$10,000 Note, and U.S. \$10,919.70 per U.S. \$250,000 Note, payable on 9th May, 1989.

SPONSORED SECURITIES

5.2 11.0 12.3 14.7 10.0 4.3 4.3 8.9 6.1 10.3 32.0 4.0 13.4 9.1 35 7.6 113 100 Carbo 7.5% Pref (SE)
140 147 George State
115 60 bis Group
118 87 Jackson Group (SE) 3.3 3.0 123 430 124 Scrutines 406
280 194 Torday & Carlisie 277
100 100 Torday & Carlisic Cow Pref 100
95 56 Trevian Holdings (USMs) 94
113 100 Unistrat Europe Com Pref 108 10.7 2.9 10.1 7.4 6.3 9.4 2.7 8.0

5.2 60.4 Securities designated USE) and (USE) are dealt in subject to the rules and regulations of Stock Exchange. Other securities listed above are dealt in subject to the rules of TSA

These Securities are dealt in strictly on a matched bargain basis, Heither Granville & Co Limited nor Granville Davies Limited are startet makes in these securities Geneville & Co. Limited.

Veteriaary Drag Co., Pic .

Level Lane. London #C3R SBP Telephone 01-621 1212 E Loret Lane, London ECSR 18P Telephono 01-621 1217 Member of TSA Member of the Stock Exchange & TSA

COMMERZBANK OVERSEAS FINANCE N.V. U.S.\$ 100,000,000

In accordance with the provisions of the Notes notice is hereby in accompance with the provisions of the notes range is necestly given that for the three months period from November 9, 1988 to February 9, 1989 the Notes will carry an interest rate of 8134% per armum with a coupon amount of U.S.\$ 225.21 on U.S.\$ 10,000.— and U.S.\$ 5,630.21 on U.S.\$ 250,000.—

Floating Rate Notes Due 1993

Frankfurt/Main, November 1988 **COMMERZBANK**

ALLIANCE LEICESTER

Alliance & Leicester Building Society

£150,000,000

Floating Rate Notes due 1995

In accordance with the provisions of the Notes, notice is hereby given that the Rate of Interest for the three month period ending 8th February, 1989 has been fixed at 12,2875% per annum. The interest accruing for such three month period will be £309.71 per £10,000 Bearer Note, and £3097.12 per £100,000 Bearer Note, on 8th February, 1989 against presentation of Coupon No. 3.



LOOK TO YOU FOR HELP We come from two World Wars, Korea, Kenya, Malaya, Aden, Cyprus, Uster, The Falklands and all those areas of jurnoid where peace must be

LIMBLESS,

WE, THE

OF NEW YORK, Principal Paying Agent

restoned.

Now, disabled and mainly aged, we must look to you for help. Please help by helping our Association. BLESMA looks after the limitless from all the Services. It helps to overcome the shock of losing arms, or legs or an eye. And, for the sewerely handicapped, it provides Residential Homes where they can live in peace and digody.

Help the disabled by helping BLESMA with a doration now or a legacy in the huture. We promise you that not one permy will be wested.



by a recent, young double amputee PLEASE GIVE TO THOSE WHO GAVE



Standard & Chartered

Standard Chartered PLC (incorporated with limited liability in England) US\$400,000,000 Undated Primary Capital

Floating Rate Notes In accordance with the provisions of the Notes, notice is hereby given that for the Interest Determination period from 14th November, 1988 to 14th December, 1988, the Notes will carry interest at

the rate of 9 per cent. per annum. interest accrued to 14th December, 1988 and payable on 6th January 1989 will amount to US\$75.00 per US\$10,000 Note and US\$750.00 per US\$100,000

Standard Chartered Merchant Bank Limited Agent Bank

Queensland Coal Finance Limited

US\$46,000,000 Floating Rate Notes Due May 1985/96

Holders of Floating Rate Notes of the above issue are hereby notified that for the next interest period from November 14, 1988 to May 15, 1989 the following

information is relevant:

1. Next applicable interest rate: 91/2% per annum 2. Interest payable on next interest payment date:

Next interest payment date: US\$ 458.16 per US\$ 10,000.00 nominal

November 10, 1988

May 15, 1989

BA Asia Limited Reference Agent

8th November, 1988

Agent Bank

Shareholders may defeat Abbey Life deal

LLOYDS BANK'S plan to merge five of its financial services businesses with Abbey Life, the unit-linked life against could sink the deal.

Far from admitting the like-

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Coal

insurer, is in danger of defeat on Monday when institutional shareholders controlling at least 15.4 per cent of Abbey Life say they will vote against the deal.

They include PosTel Investment Management, with about 4 per cent of Abbey, and three mutual life insurers, Clerical Medical with 3.4 per cent, Standard Life with 2.9 per cent and Scottish Equitable with 1 per cent.

They say the key defect of the proposal is that in return for the five businesses, valued at £1.15bn, Lloyds Bank would be issued with new shares giving it a controlling 56 per cent stake in Abbey without having to make a full hid. to make a full bid.

Unveiled on October 20, the deal involves Lloyds' merging its estate agency, finance house, life assurance, insurance broking and unit trust arm into Abbey, in exchange for the shares. Abbey's prob-lem is that the deal requires approval by holders of 75 per cent of its shares.
Abbey is holding an extraor-

dinary general meeting on Monday at the Savoy Hotel in London, but if a significant

against could sink the deal.
Far from admitting the likelihood of defeat yesterday,
however, Mr Michael Hepher,
Abbey's chairman, said that
after face-to-face meetings with
35 institutional investors he
believed he had made strong

There was almost a universal wall of opposition on day one," he said. "One can see now a clear shift of attitude." Clerical Medical said it wrote to Abbey informing it of its decision on Wednesday night, after meetings with Lloyds and

Mr. Hepher.
Mr. Robert Walther, Clerical
Medical's investment director, said: "They convinced us of the commercial logic, but in terms of the equity we felt that. Abbey was bringing a lot to the deal that was not being processed."

Mr Dick Barfield, an investment manager with Standard Life, said his group was a strong supporter of Mr Hepher. At PosTel, which manages the Post Office and British Telecom occupational pension schemes, Mr John Stubbs, UK equities manager, said the issue of so many new shares to Monday at the Savoy Hotel in Lloyds was the problem, in London, but if a significant proportion of shareholders "quite appealing" features.

INTERNATIONAL COMPANIES AND FINANCE

Swissair BT censured on Mercury calls expects to beat

By Terry Dodsworth, Industrial Editor

PROF Bryan Carsberg, the UK telecommunications watchdog, delivered a strong censure to British Telecom yesterday for failing to provide sufficiently reliable interconnection facilities to Mercury, its fledgling competitor in mainstream telephone services.

profits record

By John Wicks in Zurich

SWISSAIR expects this year's net profits to be "at least as high" as the record SP:72.1m

(\$48.7m) booked for 1987. Mr Peter Nydegger, finance direc-

tor, said results in the first three quarters had exceeded those for the corresponding

period of last year.

The airline would "very probably" propose a capital increase at its next sharehold-

ers' meeting. For the period 1988-1992 Swissair foresees

investments of SFr3.7bn and repayment of some SFr500m of

Mr Nydegger said this meet-ing would call for the raising of

about SFr1bn of new money or

the capital market over the

coming years.

• Winterthur Insurance

expects its 1988 consolidated net profit to exceed the SFr191.4m posted in 1987, Mr Peter Spaelti, chief executive,

"We certainly expect profit at least to reach last year's level and we believe we will exceed it," he said. "But at the

moment we can't say exactly

to grow around 20 per cent to

around SFr10bn, partly as a

result of the consolidation of

companies acquired this year.

Total premiums are expected

by how much."

In a strongly-worded warning to BT, Prof Carsberg said that he was "urgently considering" the case for making a legally enforceable order to require BT to improve its interconnection services. Under the interconnection agreement, BT is obliged to take over calls from Mercury and deliver them to customers in places where Mercury does not have lines. The row has arisen following

against only 5 per cent of BT calls to the same destinations. BT said yesterday that it had initially thought the problem arose from the general congestion it has been suffering in the London region over the last 12 mention by the tester of the longon over the last 12 mention by the tester of the last 12 mention by the last 15 mention 18 months. However, the tests later confirmed that Mercury customers were suffering more than BT callers and BT was now working "flat out" with Mercury to determine the "pre-

number of cases. Tests carried out jointly by BT and Mercury

13 per cent of the telephone calls originating with Mercury

were failing to get through

complaints from Mercury cus- cise cause of the congestion tomers that their calls were and rectify the situation."
falling to connect in a large It added that the fault was a technical one. It was not surprising, the company said, that it was suffering from teething problems after being asked to provide the interconnection eventually revealed that about service to Mercury, the first time any such operation had been attempted in the world.

Prof Carsberg stressed that he was taking a tough line over the issue because of his duty to promote effective comduty to promote effective com-petition as director general of the Office of Telecommunica-tions. "I am determined to ensure that Mercury's custom-ers are given good service when they make calls to BT's customers," he said.

GEC wins court case against Plessey By Terry Dodsworth, Industrial Editor, in London

THE General Electric Company, Britain's premier electronics company, was awarded substantial damages against Plessey yesterday over statements made in a takeover defence document produced during their bitter bid battle

three years ago.
In an out-of-court settlement, believed to be in the order of £60,000 (\$107,000), Plessey apologised for "misleading and incorrect statements," made in circulars to shareholders urging them to reject the bid from GEC. Plessey also agreed to pay GEC's costs.

The decision, which comes only about six months after the two companies merged their telecommunications activities into a jointly-held subsidiary, was seen last night as an conduct of takeover defences.

Plessey's successful defeno against the insolicited GEC offer was noted at the time for thing of a pacesetter in other takeover bid battles.

GEC, however, objected to

one particular aspect of the defence, in which the company was attacked for its involve ment in the development and maintenance of the Tigerfish torpedo.

Toys R Us in pricing conflict with suppliers

By Christopher Parkes, Consumer Industries Editor

THE CUT-PRICE policies of Toys R Us, the aggressive US-owned toy retailer, have drawn it into open conflict in the UK with two suppliers. Atari, the computer game company, and musical keyboard maker

Yamaha-Kemble.

If the battle develops, it could embroil many more retailers, consumer electronics companies and the UK Office of Fair Trading, Mr David Rurka, managing director of the 18-strong superstore chain, hinted yesterday. Releasing copies of acrimoni-

ous correspondence between his company, Atari and Yamaha, be drew attention to "amazingly consistent" prices in high street stores for a wide range of electronic products. A £30 (\$54) price cut on one Atari games console has dis-rupted the manufacturers' Christmas promotional plans, and forced it to reduce the recommended retail price of £130 to match the price offered by

Toys R Us.
Mr Paul Welch, UK sales
manager at Atari, said he could not yet calculate the loss to his company. Nor could be understand how any retailer could operate on a gross mar-

gin of only 6 per cent. Five hundred of these games

consoles are due for shipment to Toys R Us today at £81.95 excluding VAT. Mr Welch was certain, how-

ever, that consumers were getting "a great deal." Yamaha, similarly offended by price cuts in a Toys R Us catalogue which it helped to pay for, has asked for a refund

of its £2,000 contribution.

These are not the big fish. Mr Rurka said. He had had similar exchanges with very much larger companies, he

"These could be the first rumblings of quite a lot of trouble," he claimed. Some toy makers had with-held supplies from Toys R Us in the past. He had complained to the OFT, he said, but the process had been so long-winded that he had not pursued them.

However, he warned: "Any attempts by a small minority of manufacturers to prevent us giving the consumer the best with the necessary government

If Atari had negotiated new margins with other retailers to allow for the new recommended price, then he would expect compensation, he added.

Greenwell Montagu buys small broker

By Clive Wolman in London

GREENWELL Montagu ity will be scrapped.

Stockbrokers, one of the securities firms owned by the Midties firms owned by the Midto a merging of the entity land banking group, yesterday acquired the business of a small stockbroking firm, Robert Wigram, in a move expected to lead to about 100 redundancies, 50 of them immediately.

Robert Wigram is being acquired from Stakis, the hotel and leisure group, which has decided to dispose of its financial services interests. It acquired Robert Wigram for a

in recent months and advises or manages funds worth about £350m for 4,000 chents.

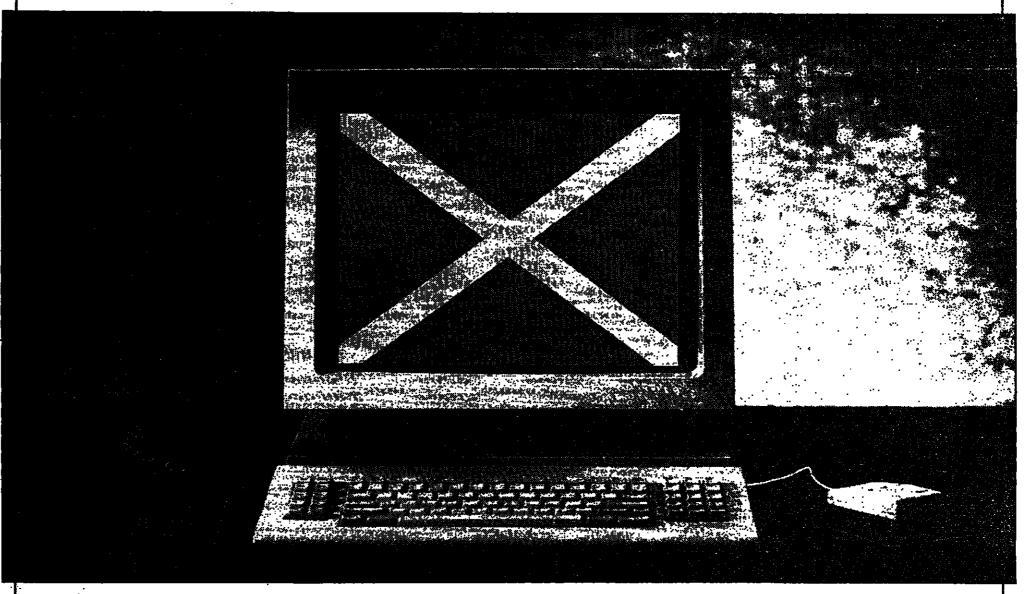
Of its 60 employees, only Mr Tim Hobson, the managing director, three other directors and a few other staff will be taken on by Greenwell Mon-tagu. The rest will be maderedundant and the firm's

The acquisition is a prelude to a merging of the entire back office operations of Greenwell Montagu and its associate company Smith Keen Cutler and to their transfer to Birmingham early next year, which will lead to job losses among the 80 back office staff employed in London.

Midland Bank itself uses a separate stockbroking operation to handle the purchase and sale of small lots of shares sum believed to be nearly £5m in September 1987-but-the firm work. Greenwell Montagu Stockhrokers, which deals with suffered heavy losses in last Stockbrokers, which deals with October's stock market crash wealthy private investors, repand the losses have continued resents the private client arm to accumulate ever since. The firm has been carrying well, most of which was shut about 100 bargains per day down earlier this year after 1986. It receives virtually none of its business through Mid-

As a result of yesterday's deal, Greenwell Montagu will advise and manage funds worth nearly £2bn for about 20,000 clients. It is currently carrying out about 450 bargains per day.

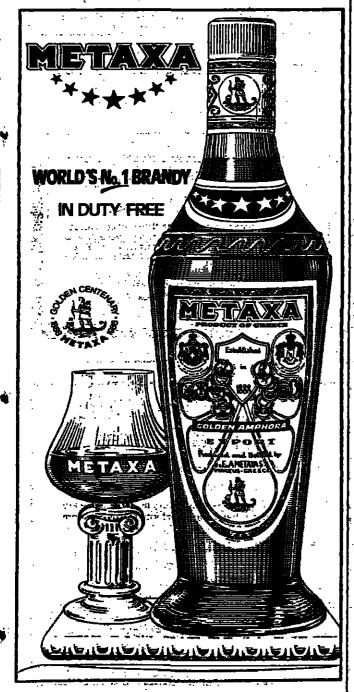
FOR SUN MICROSYSTEMS ONE LOCATION SHONE OUT FROM THE REST.



In six years Sun Microsystems has become the world's leading supplier of workstations. Now for the first time they are setting up a manufacturing base outside the USA. Their new plant is to be built in a country with a highly developed electronics infrastructure, where companies like Compaq, IBM, Digital and Mitsubishi are already thriving. And it is to be staffed by a skilled and loyal workforce, recruited locally and well versed in the complexities of high-technology production. So where are Sun going to locate their new European production HQ? (The picture should be clear by now.) Scotland, of course, where the future is looking more than bright. From supply and service to joint ventures and manufacturing under licence, there is a host of opportunities for your business in Scotland. To find out more contact David Brown on Freefone Scotland, or write to him at the Scottish Development Agency, The Scottish Centre, 17 Cockspur Street, London SW1Y 5BL. He'll show you the light.



SCOTTISH DEVELOPMENT AGENCY, HEAD OFFICE, 120 BOTHWELL STREET, GLASGOW G2 7JP.



Portuguese \$700m issue packaged as a floater

CREDIT SUISSE First Boston won a hotly-contested mandate for a \$700m five-year issue for Portugal, bringing it entirely as a floating rate note, the largest the market has seen in nearly two years.

The issue will pay interest at 5 basis points over London Interbank Offered Rates, traders said, although CSFB declined to comment on the

pricing.

CSFB, still syndicating the issue at the close of trading yesterday, is said to be offering firms to join in as co-lead man-

large blocks of \$50m each.

Dealers immediately described the pricing as tight, but noted that with the recent spate of sovereign floating-rate notes that have been called for redemption, the issue may have little difficulty being

Currently, demand for FRNs of sovereign borrowers is so great that no seasoned issues are offering spreads of over Libor. For instance, the UK's existing floater yields about 35 basis points under Libor while an Italy FRN is said to be offering only 30 basis points under Libor.

Bortowet US DOLLARS

STERLING

SWISS FRANCS

Hitachi C'struction Mach.

AUSTRALIAN DOLLARS Issue increased: CIBC Australia(a) ●

Leeds Permanent B.S.‡◆

H'electrica Espanola(b) 🌢

Final terms fixed on: Nippon Carbide Ind(c)★★§◆
American Health§(d)◆

C. Itoh Fin.(Europe);

j.M.A.C. 889 Jen Mirs.Corp. 94 92......

State Bk S Aust 9¹, 93.
Swed Esp Cred 7¹, 91.
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Sweden 7 92.
Sweden 8¹, 95.
Sweden Bl, 95.
Sweden Bl, 92.
Victorian Rep 11¹, 92.
World Bank 7 92.
World Bank 7 92.
Yasuda Trusz Fin 8¹, 93.
Average price chang

E.I B 6 % 95... Euro Coal & Stee! 5 % 97...... Eurofima 614 96 Elec De France 514 97 Forsmark Krtg 514 93 LA.D B. 6 97

Royal Insurance 51, 92 Soc Cent Nuclear 71, 95. Turkey 51, 95. Westlb, Finance 5 93. World BK. 61, 97.

Astriang 5 03.

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Britannia B/S. 4½ 94.

CIR. Int. W/mais 93.

Credit Lyomais 44 00.

E. I. B. 4½ 98.

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Compared with those deals, Portugal's pricing could look

generous. The issue, intended to refinance existing bank credits, has been a topic of speculation for weeks, with almost every major underwriter privately conceding to have bid for it. While Portugal had not speci-fied its desire to borrow floating-rate funds, most had expec-ted the deal to be at least partly in the form of a FRN.

The last sovereign floater to be launched was a 10-year callable issue for Credit Foncier, the state-owned bank.

INTERNATIONAL **BONDS**

IBJ International took an opportunity to exploit both a fairly firm undertone to the yen bond markets and strong appetite for paper in the Euroyen sector which, has been in extremely short supply

all year.

The World Bank reopened the sector with a well-received Y50bn five-year issue via Yamaichi International last month and yesterday's Y30bn deal for Nordic Investment

NEW INTERNATIONAL BOND ISSUES

145₈

¹8(f)

100

5.5br

100

10112

100

100 101 ½

101½ 101⅓ 100.1

♦With equity warrants. \$Convertible. ♦ Final terms. a) Increased from A\$75m. b) Purchase fund from 1995

SFrs62.5m p.a. - average life 8½ years. c) Put option fixed: 31/5/91 at 108½ to yield 3.774%. d) SFrs60m maximum. Dual-currency. Bonds not converted redeemed at \$4,500. Exchange rate fixed SFr1.475. Conversion price \$20½. e) Step-up coupon: until March 1992 2%, 8% remainder. f) ½ over Libor. g) 5 year yen/yen interest swap rate (bid side) minus 30bp.

FT INTERNATIONAL BOND SERVICE

1992

1990

1998

1998

1993 1998

1994 1995 1993

GTHER STRAKEHTS
Abbey Nat. BS. 104, 93 £.
Alg. Bk. Med. 51, 92 FL.
Alg. Bk. Ned. 51, 92 FL.
Alg. Bk. Ned. 53, 93 FL.
Amon Bank 64, 92 FL.
Amon Bank 64, 92 FL.
Bertish All 104, 97 £.
BP Capital 94, 93 £.
British Alivarys 10 98 £.
Buhrmann-Tet. 64, 93 FL.
C.1. B.C. Mort. 104, 93 CS.
Comm. Rk. Aust. 124, 93 AS.
Coop. Ctr. Rabo. 64, 93 FL.
Coop. Ctr. Rabo. 64, 93 FL.
Demark 74, 92 ECU.
Dixons 11 95 £.
Deut. 84 Aust. 124, 95 AS.
E.I. B. 7 96 LFT.
Eastman Kodak 13 90 AS.
E.I. B. 7 96 LFT.

Eastman Kodak 13 90 AS.
E.I.B. 7 96 LF.
Elec. France 101, 95 CS.
Euratom 72, 97 ECU.
Fed. Bos, Dv. Bk. 91, 92 CS.
Ford Cr. Can. 101, 93 CS.
GM A.C. 91, 93 CS.
GM A.C. 91, 93 CS.

G. M. A.C. 94, 93 CS.
G. M. A.C. 94, 93 CS.
G. M. A.C. 94, 92 CS.
Hallfax BS 104, 97 E.
Imp Chem loss 100 3 E.
Imp Chem loss 100 3 E.
Imp Chem loss 100 98 E.
Not. West Bk, 134, 92 AS.
Nationvide 85 1014, 93 E.
Ned. Midd. Bank 6 92 FL
New Zealand 97, 93 E.
Ned. Midd. Bank 6 92 FL
New Zealand 97, 93 E.
Pudential Fin. 93, 07 E.
Royal Bk. Scot. 103, 94 E.
Saskatchewan 97, 91 CS.
S.D. R. 74, 93 E.CU.
World Bank 54, 92 FL

FLOATING RATE NOTES Alliance & Leic. Bid 94 E., Belgium 91 US., Britannia 5 93 E.

CONVERTIBLE

BONDS Aloza 64, 02 US.
Aloza 64, 02 US.
Amer. Brands 74, 02 US.
Amer. Brands 74, 02 US.
Akin 19 2 DM.
CBS. Inc. 5 02 US.

Bank, whose previous debt carries a prime triple-A credit rat-ries from both agencies, also saw good response. The issue saw steady demand as it was Correspondent marketed earlier today through successive time zones starting

The lead manager said although some switching out of seasoned issues to take advantage of the yield pick-up offered by the new issue was detected, a substantial amount of new money also came into the deal. It remained within its fees all day, finishing bid at a discount of 1.55 against fees of

Crédit Suisse First Boston brought the Leeds Permanent Building Society to the sterling floating-rate note market which has been buoyant recently. The strength of the sector was evidenced by the high level of demand for the 10-year deal

In Switzerland, UBS led a SFr150m 15-year deal for the province of Newfoundland, which met an enthusiastic

The par issue price and psychologically attractive 5 per cent coupon added to its attrac-

24/12 Nomura Int

30/15bp CSFB

114/34 Salomon Brothers

11₂ Bank Leu n/a S.G. Warburg Soditic

1%/14 IBJ Int. 1%/14 Mitsubishi Trust Int. 20/10bp Dai-Ichi Europe

CFSB chief hits at European bid curbs

By Stephen Fidler, Euromarkets

MR JACK HENNESSY, chief executive of Credit Suisse First Boston, yesterday launched a strong attack on restrictions to takeovers in continental Europe, which he said would make European companies illequipped to tackle the competi-tive challenge from US and Japanese companies.

"There is an economic iron curtain of rules, practices and attitudes which hangs over Europe, particularly on the Continent, that makes a takeover of any major company, except in the UK, virtually an

impossibility," he said. The Japanese and Americans had, he said, an enormous lead which they could translate into



of rules hangs over Europe'

domination of the markets both in Europe and the rest of the world. The relatively small and mature national markets of Europe offered no basis for growth.

At a conference on international mergers and acquisi-tions, he said takeovers were prevented too often by the hand of government.
In many countries, a "club"

of industry and banks mitigated against takeovers, while corporate by laws often pre-vented anything but an agreed merger. He was critical of the manipulation of share registers and the issue of separate classes of shares that deprived some shareholders of rights.
"Russia seems more serious about rationalisation than

many European countries," he Of \$267bn in mergers and acquisitions in the first nine months of 1988, of which \$96hn were US domestic transactions. Yet only \$10bn involved crossborder acquisitions by Euro-pean companies of others in Europe, and half of that was

accounted for by Nestlé. Mr Hennessy was highly critical of what he called timid cross-shareholdings, which he said were typically intended as a defensive move to protect a domestic market or a "feeble attempt" to discover something about a foreign market. These he described as

"carve-ups rather than openups."
He excluded two countries in

Europe from his general criticism: the UK and Spain. Neither government was waiting for a miracle from Brussels to sort out the necessary restruct-uring before 1992. While welcoming in general

a proposal from Mr Peter Sutherland, the EC Commissioner, that the EC should not interfere with mergers involving companies with a combined turnover of less than Eculbn, he said he thought that this figure should be even higher. Earlier. Mr Peter Peterson, chairman of the Blackstone Group, a private Wall Street firm which has been very active in US leveraged buyouts in the US, said that a good case could be made to prevent

Baden-Württemberg Finance N.V. DM 500,000,000 Floating Rate Notes with Interest Option 1988/1995 Interest Rate: 51/1696

CBS. Inc. 5 02 US.
Fullisus 3 99 US.
Fullisus 3 99 US.
MCA Inc. 5 ½ 02 US.
MCA Inc. 5 ½ 02 US.
MIsolat Carmera 2½, 940 M.
Misolatish Bk. 1½, 02 US.
Mest Pic. 5 ½, 03 C.
Misolatish Bk. 1½, 02 US.
Mest Pic. 5 ½, 03 C.
Misolatish 2½, 02 US.
Mest Pic. 5 ½, 03 US.
Mest Pic. 5 ½, 03 US.
Mest Pic. 5 ½, 03 US.
Mest Mest Bk. 2½, 03 US. per DM 10,000

Agent Bank

This announcement appears as a matter of record only

October 1988



First Leisure Corporation PLC

£60,000,000 Multiple-Option Facility

Arranged by National Westminster Bank PLC

Underwritten by Bayerische Hypotheken-und Wechsel-Bank AG

National Westminster Bank PLC

Rabobank Nederland, London Branch

Barclays Bank PLC Den Danske Bank The Sanwa Bank, Limited

Banco di Napoli

Crédit du Nord, London Branch Kansallis Banking Group The Sumitomo Bank, Limited

Additional Tender Panel Members

Banque Indosuez Commerzbank Aktiengesellschaft, London Branch Crédit Lyonnais, London Branch

Istituto Bancario San Paolo di Torino, London Branch Credit Suisse Morgan Grenfell & Co. Limited Lazard Brothers & Co., Limited

Samuel Montagu & Co. Limited

Allen & Overy

Legal Advisers

Paisner & Co.

Agent Bank **National Westminster Bank PLC**

NatWest Syndications



Australian Industry Development Corporation

DM 200,000,000 61/1/20 Deutsche Mark Bearer Bonds 1988/1998

Payment of principal and interest guaranteed by the Commonwealth of Australia

COMMERZBANK AKTENCESELLSCHAFT BANQUE BRÜXELES LAMBERT S.A.

BAYERISCHE LANDESBANK

GIROZENTRALE

CREDIT LYONNAIS SA & CO

(DEUTSCHLAND) OHG

DG BANK

DELITSCHE GENOSSENSCHAFTSBANK

INDLISTRIEBANK VON JAPAN

(DEUTSCHLAND)

GIROZENTRALE

AMRO HANDELSBANK

BANQUE PARIBAS

CAPITAL MARKETS GMBH

SHF-BANK

DEUTSCHE BANK HESSISCHE LANDESBANK - GIROZENTRALE -

MERRILL LYNCH INTERNATIONAL & CO.

NOMURA EUROPE GMBH

SCHWEIZERISCHE BANKGESELLSCHAFT

(DEUTSCHLAND) AG

1988 to May 10th,

per DM 100,000

transactions that produce excessive debt. However, there would be insurmountable practical problems in achieving

Interest Period: Nov. 10th,

DM 254.53

DM 2,545.31 Payable on: May 10th, 1989 Trinkans & Burkhardt KGaA **VEREINS- UND WESTBANK**

J. P. MORGAN GMBH NORDDEUTSCHE LANDESBANK

SCHWEIZERISCHER BANKVEREIN (DEUTSCHLAND) AG

TRINKAUS & BURKHARDT KOMMANORGEBLISCHAFT AUF AKTEN

BANQUE INTERNATIONALE

BAYERISCHE VEREINSBANK

CSF8-EFFECTENBANK

DRESDNER BANK

KREDIETBANK

INTERNATIONAL GROUP

MORGAN STANLEY GMBH

SALOMON BROTHERS AG

A LUXEMBOURG S.A.

WESTDELITSCHE LANDESBANK WESTPAC BANKING CORPORATION GEROZENTRALE

YAMAICHI INTERNATIONAL (DEUTSCHLAND) GMBH

INTERNATIONAL CAPITAL MARKETS

Tokyo share row touches sensitive nerve

Gordon Cramb on the lessons being learnt from the big Mitsubishi Motor issue

new sensitivity is emerging among Japanese investors to judge by the protests heard this week from those not smiled on by the underwriters to the Y59.8bn (\$482m) flotation for

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Mitsubishi Motors. Nikko Securities, which is leading the 21-strong under-writing syndicate, is doing its best to play down the discord that has arisen over the way allocations in the MMC issue are being made to brokers' favoured clients in advance of next week's official selling

It prefers instead to concentrate on hoping that the MMC share price does not rise too much when the issue, the largest initial offering to emerge from Japan's private sector, begins officially to trade in Tokyo early next month.

That would prove embarrassrinar would prove emparrassing in the face of Ministry of Finance guidelines which the stockbroking house says were aimed at dampening a "kind of face." fever" which developed for smaller, speculative new issues earlier this year, some of which doubled or trebled over-

As to the allocations row, Nikko argues with justification that the placing of stock with chosen retail buyers is standard procedure in Japan as in some other countries.

Still, the protests heard this week have been unusually forceful. And they come amid the four-month Recruit Cosmos

Japanese banks

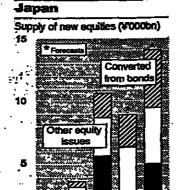
scandal involving expedient share allotments, which has focused attention in Japan on who stands to gain what when a company is brought to mar-

Although no wrongdoing is being alleged in the case of MMC, the unhappiness of pro-spective investors was echoed on Wednesday by the car maker itself, which described the outcome of the share distribution as "not desirable." The debate threatens to cast another cloud over a new issue market which, privatisations aside, is running at record lev-els this year but is fearful of a change in the regulatory cli-

been put in place, through informal MoF "guidance." The MMC issue is the first large-scale test of their effectiveness in creating an orderly market. Nikko's nervousness reflects this, and in particular a MoF wish that any flotation should now begin trading at no more than around a 15 per cent premium to the offer price. MMC shares are priced at Y850 aplece, so for the debut on December 5 to be seen as respectable, they would need

Some measures have already

to remain that side of the Y1.000 barrier for at least the first day or so. Through their dealing rooms, the main brokerage houses in the 21-house syndicate may have ways of ensuring this is the case, but a Nikko official says only: "We hope it will be proven that the



price we chose was appropri-The size of the issue has

1985 86 87 88 89 Source : USS Phillips & Drew

meant that Nikko is working under unusually tight require-ments, which include: ● The need to spread the issue among at least 34,000 shareholders. This is twice the average number for companies on the Tokyo Stock Exchange first section, where MMC is to

Only Nippon Telegraph and Telephone, the huge utility recently privatised, has previously been exempted from the normal rule that companies should move up through the second section. The exchange authorities have taken the view that double the going rate is a fair benchmark for an immediate quotation on the main board.

 A limit of 1,000 shares each on allotments, to help meet both the TSE's view on breadth of share ownership and MMC's own wish that its equity gains wide public acceptance.

The need, by the same TSE measure, to have at least 600m measure, to have at least buyin shares outstanding. The Mitsu-bishi group which controls MMC – along with Chrysler of the US which will emerge with 18.2 per cent — decided to let the company sell new equity rather than make the offer directly from its own holdings (and risk the move being mis

read as a loss of confidence in the motor group). The 70.35m shares being issued represent 9.1 per cent of its expanded capital, putting a value of Y657.8bn on the whole of MMC. • Setting aside some 10m shares from the issue for MMC Reserving nearly half the total for subscription outside the Tokyo area. This is to

bring some trading activity in MMC to the regional Osaka and Nagoya stock exchanges where it will also be listed. Hedged in like this, Nikko argues, "it was difficult to meet other considerations" -in other words, to leave the offer open to public demand as and where it came. Certainly, the narrowing of the margin the narrowing of the margin for error which the MoF's 15

per cent rule implies seems hardly designed to encourage underwriters towards a more relaxed shepherding of their

Mr Stephen Church, head of research at UBS Phillips & Drew in Tokyo, observes: That solution is just putting on another layer of non-market control, instead of going to the heart of the problem. A better way would be towards a system of clear investment yardsticks where one could price

Failing that, analysts see the Tokyo market as remaining crucially influenced by the balance of supply and demand for

The new issue sector has

other things to worry about. among them a proposed capital gains tax which is embodied in fiscal measures pushed through a key parliamentary stage yesterday by the ruling Liberal Democratic Party. This could markedly shrink the returns expected from flota-October against expectations of a 0.2 to 0.3 per cent rise.

As for the regulatory envi-ronment, the MoF says it has no plans to change the way new equity issues are made. But one local press report yes-terday insisted that its officials were working on means to make share allotments a less cosy arrangement, and Japanese brokers are beginning to acknowledge that the whole method of distribution as well as pricing is now under scrutiny.

The successful completion of both the three-year and 10-year note auctions which both saw slightly stronger demand than expected and yesterday's sale of cash management bills were said he hoped to be able to

rate earlier this week had been

officials at the Fed remain wor-

ried about inflationary pres-

rise in the Funds rate probably

reflected credit demand rather

also potentially positive.

However, all these positive factors are being outweighed against the Japanese yen.

BENCHMARK GOVERNMENT BONDS

US TREASURY

GERMANY

AUSTRALIA

FRANCE BTAN 8.000 OAT 9.500

by weakness in the dollar which is near to record lows The repeated remarks by Mr Martin Feldstein, chairman of the Bureau of Economic Research, that the dollar needs to depreciate by 10 per cent to 20 per cent over the next three years coupled with only sporadic intervention by central hanks this week has left the dollar looking very vulnerable. Given the already very flat yield curve in the Treasury

even more worrying in terms of attracting foreign capital inflows.

of the dollar which counterbalanced any potential positive reaction for a better than expected set of producer prices SHORT-TERM rates on Australian government securities rose By late trading, bonds were sharply as the Reserve Bank

Treasuries in doldrums

as dollar remains weak

quoted around it point lower at the short end of the yield curve raised its key rediscount rate for the second day running. The rate was set at 14.8 per while longer-dated maturities were quoted around '. point higher. The Treasury's benchcent, up from 14.5 per cent on Wednesday and 14.1 per cent the day before. Rates on 90-day mark long bond was quoted % point higher for a yield of 8.98 short-term securities have risen 50 to 70 basis points durper cent having been at 9 per cent earlier in the day. ing the past week.

Meanwhile, longer term

By Janet Bush in New York and Norma Cohen in London

US TREASURY bonds

continued to come under pres-

sure because of the weakness

figures released yesterday.

BONDS

Yesterday saw a number of issues, which carry lower interest rates, were unchanged.
The Australian government GOVERNMENT

announced it will offer for sale A\$400m in two equal tranches of Treasury bonds for sale next conflicting influences on Tuesday, only its second such bonds. A potential positive was auction so far this year. the fact that the producer prices index was unchanged in

Because of the current bud-get surplus, Australia does not need to offer debt securities to the market. But its policy is to make occasional offerings in Another encouraging factor was the dip in the Fed Funds rate back to 8¼ per cent. The drift upwards in the Fed Funds maturities where shortages have occurred in order to promote liquidity.

taken by some as a sign that the US Federal Reserve was The bonds are tranches of two existing issues, one maturing in March 1992 and the tightening monetary policy.

Although several influential other in July 1999. Both have coupons of 12 per cent and at the close in London yesterday, yielded 12.94 per cent and 12.92 sures, analysts said this week's per cent respectively.

CANADIAN government bonds

13.500 8.750 9.000

9.250 9.125

9.500

9/92 9/97

10/08

10/93 5/98

NETHERLANDS 8.500 7/98 101.5250 -0.050 6.41 6.34 6.31

London closing, "denotes New York close Yields: Local market standard Prices: US, UK in 32nds., others in decimal

edged up slightly, underpinned by two newly released political polls showing the pro-free trade Conservative Party recouping ground lost to the opposition Liberal Party. Instead of the 12-point lead shown in Monday's Gallup poll, which sent bond prices

tumbling by as much as 2 points, the latest polls show both parties with roughly equal support of 35 to 37 per cent. The smaller New Democratic Party garnered 24 per cent of the vote.

JAPANESE government bend prices moved up in Tokyo yesterday, buoyed by the early strength of the yen against the dollar. The benchmark 105th government issue closed at Y102.50, up Y0.33. The yield on the benchmark issue eased 5 basis points to 4.610 per cent.

Meanwhile, the health of the ailing 87-year old Emperor Hirohito has apparently improved, staying off for the time being odds of a market closure this week.

The uncertainty surrounding the health of the emperor con-tinues to dominate trading. Market observers said that although it would be supremely disrespectful to discuss preparations for the emperor's death, the big four securities houses have reached an understanding on an appro priate mourning period. It is expected that the firms will be closed for two days.

Price Change Yield ago

110-02 +7/32 10 27 10 20 94-12 +6/32 9 71 9 63 99-22 +7/32 9.03 9.00

102-02 + 1/32 8 92 8 67 101-14 + 1/32 8 99 8 75

102 7344 + 0.460 4.57 4 68 107.8372 + 0.312 4 89 4 95

97.9330 -0.115 8.52 8.40 104.2500 -0.140 8.80 8.67

Technical Data: ATLAS Price Source

10/98 96 6250 -0.125 10.04 9 78 9.80

6.500 5/98 102 8750 -0.175 6.37 6.31 6.51

12,500 1/98 103,0798 +0,280 11,93 11,86 11.85

sell house debt partners in the Globex project. The discussions had all been constructive and Mr Melamed THE Chicago Mercantile board, told a conference in Exchange and Renters will not London that other vendors

CME to provide service to rival vendors

JAPANESE banks have started selling housing loans in order to trim risk assets and help meet the capital adequacy standards proposed by the Bank for International Settlements. Reuter reports.

Tokai Bank yesterday sold a total of Y1.93bn individual housing loans with remaining maturities varying from seven years and four months to 19 years and nine months.

The sale, which takes the

loans completely off the bank's balance sheet, is the first by a Jananese bank. Dai-Ichi Kangyo Bank sold Yibn in housing loans earlier this month but will buy them

back after six years.

prevent rival vendors of financial information from receiving up-to-the minute price and transaction data via Glober, their proposed global "after hours" electronic trading system, Mr Leo Melamed of the CME said yesterday.

Competing news and finan-cial data providers such as Knight Ridder have told the US Commodity Futures Trading Commission they fear they could be excluded, placing them at a competitive disad-

Mr Melamed, chairman of the executive committee of the CMR and special counsel to its

FT-ACTUARIES SHARE INDICES These indices are the joint compilation of the Financial Times,

Thursday November 10 1988

would be given access to Globex price information.

Although only subscribing members of Globex would be able to use the system to effect transactions, price data of a more detailed nature than any-thing on offer will be available

to non-members.
In an impassioned defence of Globex, which has attracted controversy since it was announced earlier this year. Mr Melamed, recognised as one of the main architects of the financial futures industry, said Globex was not designed to supplant the traditional open outery method of trading futures and options, but that it represented the only realistic way forward for the deriva-Globex has been criticised by

some industry participants

who fear the system represents an exclusive monopoly for the CME and Reuters. In response to these charges, Mr Melamed said any exchange wishing to have its own products listed on Globex was more

competition with the CME's listed products.

The CME has conducted discussions with virtually every major international exchange and had invited them to be

than welcome to do so, provid-ing these were not in direct

Market participants who saw in Globex merely the advance of the black box which will hasten the end of the traditional futures pit and open outcry trading, were in danger of appearing overemotional and

announce some concrete devel-

opments in this area soon.

narrow-minded, he said. Globex would not empty the pit but would support and enhance traditional trading methods which have been proved over and over again to safeguard acceptable levels of market, a weakening dollar is market liquidity.

LONDON MARKET	STATI	STICS	-	
RISES AND FALLS	YESTI	ERDAY		
British Funds	Rises	Falls	Same 8	
Corporations, Dominion and Foreign Bonds	94 14 336	₹ .	34 820 372 56 97 66	Option
ndistrials	336	420	ี ค ีวีกี่ โ	Allied Lyons
Financial and Properties	117	178	372	(°462)
) IS	117 22	178 26	56	Brit, Airways
Plantations	1	3	9]	(0)69)
Mines	65	28 126	97 }	Brit. & Comm.
Mbers	40	126	66	(*245)
Totals	689	793	1,462	B.P.

		i						i 9	<u> 8</u>	. 7	(approx)
_	& SUB-SECTIONS gures in parentheses show number of stocks per section	index No.	Day's Change %	Est. Earnings Yield% (Max.)	(Act at (25%)	Est. P/E Ratio (Net)	xd adj. 1988 to date	Index No.	index No.	lader No.	ladex No.
_ 1	CAPITAL GOODS (210)	818.42	-0.1	10.67	4.13	. IL58	22.79	819.17	824.31	816,84	671.29
2	Building Materials (28)	1034.08	-44	11.93	4.33	18.34			1645.53	1434.87	#91_17
. 3	Contracting Construction (38)	h585.61	-0.1	11.92		16.94	48.69	1587.88	1595.96		1217.67
• 4	Flectricals (12)	2384.11	46.3	8.70	4.56	13.95	64.48	2576.32	2385.35		1767.28
- 5	Electronics (29)	1744.83		16.21	3.60	12.68	42.54		1768.20		1475.48
	Machanical Engineering (57)	l 431.76	-4.2	10.38	4.17	11.44	12.69	432.61	433.38	429.93	327.19
. 8	Metals and Metal Forming (7) max; Motors (16)	-515.68	448.2	. 94		13.11	- 49.96				*ST2.58 %
ĕ	Motors CIA	986.84	-82	11.01	4.73	9.88	- 9.75	285.67	Z26.42	213.48	247.45
าก์	Other Industrial Materials (23)	2370.8R	+4.2	9.67	4.46	12.22	43.86		1381.02		1178.73
21	CONSUMER GROUP (186)	1872.86	10.1	9 12	3.76	13.34			1877.96		993.88
22		1147.26	4.7	18.29	3.60	12.26	23.00	1155.32	1151.74	1138.74	922.66
- 25	Food Manufacturing (21)	949.49	+8.5	9.16	3.91	13.90	19.54		975.85		787.68
26	l Cond Detailles (174)	7222 80	16.4	9.52	3.69	13.47		1842.54	1863.66		
2 7	Health and Household (12)	1842 42	46.5	7.15	2.48	16.12	19.48				
29	Leisure (30)	1424.27	-0.2	32		15.29			1433.24	1497 14	
31	Parkaning & Panter (17)	557.50	~41	-10.15	4.85	12.25	14.30	54.82	557.64		464.91
32	Packaging & Paper (17) Publishing & Printing (19)	2459.30	-	1.57	135	14.55	96.85			3476,70	
34	Stores (34)	736.67	181	11.0	456	11.54	19.76	736.11	741.19	733.44	252.29
25	Textiles (16)	587 87	-13	13,72	5.0	3.56	13.91	508.56	515.23	511.67	577.39
40	OTHER GROUPS (92)	886.74		11.16	4.44	10.93	23.85	106.41	915.94	965.67	231.68
47	[Accessor /10\	7087 48	+8.6	- 8.28	2.55	15.53	19.25		1893:55	1006 67	961.12
42	Chemicals (22) Conglomerates (12) Shipping and Transport (12)	1884 17	- 10.3	12.24	4.34	9.93		1851.39	1053.89	1943.47	
43	Capalomerator (12)	1255 80	10.2	19.46	4.53	10.94	25.80	1252.26		1253.84	
75	Chicalage and Terrenouth (7.2)	1867 12	- 23	11.44	4.75	11.24	50.63	1945.24		1939.63	
47	Telephone Networks (2)	475 89	-83	11.32	4.56	11:41	29.38	179.12		971.76	
48	Miscellaneous (25)	1217.99	-8.2	11.69	4.48	9.74	37.84	1229.52	1245.69	1237.04	
	INDUSTRIAL GROUP (488)	975.37		10.23	4.85	12.12	23.59	975.21	982.55	972.74	_
47	INDUSTRIAL GROUP (400)		PH								873.65
<u> 21</u>		1750.50	+0.5	19.75	6.35	11.91		1742.48			1629.80
<u>_59</u>		1041.37	+4.1	10.38	4.36	12.99	28.65	1848.58	1048.09	1037.19	937.74
61	FINANCIAL GROUP (123)	688.16		i - 1	5.20	- 1	24.44	688.46	693.14	683,07	613.95
62		666.37	+0.1	21.06	6.65	6.37	31.13	665.96	668.06	661,98	627.95
65	Insurance (Life) (8)	968.50	-8.1	i - i	5.48	-	39.81	769.14	974.54	969,83	922.16
66	Insurance (Composite) (7) معتب المعتب المعت	.518.87	-8.4.		6.82		24.84	520.91	· 527.06	524.17	492.85
67	Insurance (Brokers) (7)	937.67	-0.2	9.51	6.88	13.20	45.96	939.52	951.31	948.63	791.18
68	Merchant Banks (11)	348.31	-4.5	- 1	4.22	- 1	9.29	359.43	351.69	352,84	327.73
69	Property (51)	1242.92	+0.1	5.52	2.67	23,16	18.62	1241.95	1255.22	1238,97	964.29
· 70	Other Financial (31)	369.59	_40.2	18.34	5.48	12.16	11,75	. 368.78	369.08	379.18	381.76
71	Investment Trusts (77)	938.47		-	3.13		16.97	939.93	943.69	935.54	-778.72 ·
81	Mining Finance (2)	578.48	+8.4	18,72	3.67	18,40	15.67	548.30	575.37	564.96	391.40
91	Overseas Traders (8)	1425.98	-83	8.52	4.44	13.62	41.54	1429.83	1447.66	1447.77	871.26
99		954.47	·		4.44		26.71	954.19	161.04	951.58	849.35
_		· ledes	Day's	Day's	Day's	Rou	Hor	Nov	Roy	Nov	Year
		No.	Change	fligh (a)	CO WOL	. 9	8	7	4	3 1	ago _
	FT-SE 188 SHARE INDEX	1826.2	+8.5		1222.3	1825.7	1346.6	1819.7	1834.3	1817.4	1782.5
		-		** E.				P40 til 1	الحمد		-1700

	ŒD I		· · · ·	_ •		AVERAGE GROSS Thu Wed Year REDEMPTION VIELDS Nov Nov 390 10 9 (approx.
PRICE INDICES	- This Nov 10	Dayra change %		xd adj. today	xd adj. 1986 to date	- 1 3 25 25 25 25 25 25 25
1 5 years	in in	+0.52	119 29 136 86		18.29 11.64	4 Medium
3 Over 15 years 4 Irredeemables 5 All stocks	369.85	-0.66		<u>-</u>	13.16 13.38 11.43	8 Coupons 15 years 9,60 9.62 9.34 9 25 years 9,21 9,23 9,16 10 irredeemables 8.88 8.87 8.76
7 Over 5 years		0.19	138.66 128.98	-	1.81 2.96	13 inflation rate 10% 5yrs. 1.73 1.74 2.72
9 Odenbres & Listes	128.68		128.89 118.34	0.07	_	15 Deis & 5 years 11.72 11.72 10.53 16 Laus 25 years 11.65 11.05 10.51 17 25 years 10.69 10.70 10.51
10 Preference	88.77	-0.74	89.43	: 7	5.38	18 Preferent

LONDON RECENT ISSUES EQUITIES R35 25 45 11.9 FIXED INTEREST STOCKS Closies Price £ Paid up Date High Low 101p 1031p 108p 253p 3231 98p 100 107p 97p +1 101 ½p -½ 10000 2680 -5 32 ½ 980 +3 991 FP. FP. FP. FP. FP. FP. 20/10 31/1

			R	GHT:	S OFFERS		
Jame Price	Amount. Pald	Latest	19	88	Sort	Clasing Price	+ 0=
9	#	Date	High	Low]	P	-
300 P 25 30 P	NH CM	15/11	47pm 23pm	35pm 112pm	Anglia Seture Homes 10p	40pm 11-pm	-5
99	HB	-	25pm	1.7pm	However Group	25em	
- 20	關	9/12	49pm 13pm	451-jm	Polity Peck Ing'l. 10p SRegina Health & Beasty 2p	47µm 900	#1
370	NE J	9/12 9/12	35pm	20om	RSINS Food Group So	23pm	
25	Nii	-	640	14.pm	West, Trust, 212p	12 pm	-4
constituent, on Forecast, on Advisional, con estimates for empialised (by tender 4 issued in con	on dividen r estimate rer and pie r 1988, N i Rvidend, co Offered to mercios wi	d ea fail ca l annualfs : based on Dividend as wer and pic i bolders of th reorsan	ipital g Ap ed divided lates; aces of yield base ratio base of ordinary isation me	arcaed divide i rate, cons al earning ad on prosp i on prospe shares as i	estimated blokdend rate gald or payable lean and yield, Shvidead and yield exclude or based on greenous year? Sarnhyst. Est. S. M. Olvidead and yield based on Prospectus sector or other official estimates for 1989. CLIS or other official estimates. We Pro Form a "rights". I huroduction gPlacing procent sover, J. Alfottment price, 9. Unlisted securities and Market.	special payr imuted ann is or other o Q Gross.R Fi na figures.V i Reintrodu	ment. uzika offici overzi ksur ction.

TRA	DITION	AL OPTIONS
First Dealings Last Dealings Last Dealings Last Declarations For settlement For rate indications sa London Share Service Calls in Midsummer	Feb 9 Feb 20 e end of Leis, Mt	JFB, BAT Inda Norfolk Cap, K Hanson, Tranw Rex (Williams) Jana, Great Po Brooke Tool, 6 Puls in VSEL

JFB, BAT Inds, Owners Abroad, Norfolk Cap, Kalon, Blacks Leis, Hanson, Tranwood, Powerscreen, Rex (Williams), Ex Co of Louis-iana, Great Portland, Lloyds Int, Brooke Tool, Slue Arrow, Wimpy, Puts in VSEL Consortium. P & C

500 70 550 23 600 3

88 95 47 57 20 27 220 7 17 23 5 13 15 240 14 8 14 21 25 26

market, a weakening dollar is																	
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									-		NC.						
	·			LQ	MD	UN	THA	DED	OP	110	<u> </u>		-				
0-11-2		Jan	CALLS	Lini	Jan	PUTS	Lun	Option			Nov	CALLS Feb	May	PUTS Nov Feb May			
Option Allied Lyons	460	28 12	Apr 43	Jul 56	22 51	30 55	Jul 35	Pies	107	140 160	32	34	36 22	112	Feb 2	May_	
Brit, Airways	160 180	15	19	38 26 14	6	9	14	·		180	1312	812	15	13 2	16	18	
Brit. & Comm.	220	41 ₂	35	42	17	20 8	111	Prode (*15	51	160	1 1	9	11	ĩ	9	14	
(*245.)	240 260	17	24 13	29 19	24	15 28	20 30	(1,55 (1,55 (1,55)	5)	280 300	10 21	26 17	37 28	17	14 27	17 31	
B.P. (*252)	240 250	20 74	11	27 16½	117	2012	22 t	R,T (°44	4)	420 460	32 5	52 30	65 40	18	14 32	18 38	
(%20)	800 850	40 17	62 35	85 57	25 25	28 57	35 62	Vaal 1 (°S)	3)	70 80	7,	91 ₂	12	8	132	15	
Cable & Wire (°381)	360 390	37 18	47 29	40	21	쁄	32		Option		Dec	Mar	Jun	Dec	Mar	Jun	
Cons. Gold (*1199)	1150 1200 1250	120 90 75	170 145 115	230 190	53 73 105	100 125	120	Amst (*18	rad	180 200	13	22 13	32 20	17 17	11 21	14 25	
Courtaulds (*283)	280 300	17 85	26 16	31 21	13 25 52	16 27	23 35	Barc (°40	lays (3-)	395 420	20	18	23	7	32	33	
Com. Union	330	40	7½ 46	12	52 4	52 11	57	Bine (420 460	38 13	54 28	60 34	22	111 26	16 34	
(*328) G.K.N.	330	17 37	26 45	33 52	12 31 ₂	24	13	Disc (*14		140 160	8 11 ₂	16 7	21 12	25 20	101 ₂	13 24	
(*328) Grand Met.	330 420	44	24 50	33 60	13	12	16	Glas (*10		1050 1100	42 20	87 62	115 90	30 60	48 75	58 85	
(°448) I C I.	1000	22 63	77	103	16 20	28 43	48	Hawker (*55		550 600	22 5	40 14	52 23	22 58	27 63	32 68	
(*1023) Jaguar	1050 280 300	34 21	48 30 20	78 40	14	70 23 34	72 26	H191sd		260 280	13 3b	23 12	28 16	5 18	9	12 24	
(°282) Land Securities	500	12 90	100	 	25	6	 -	Long (*40		390 420	36 19	51 38	63 48	20 35	33	41 56	
(*578)	550	48 20	60 32	72 43	9 33	37	20 45	Midjan C40	d Bk (3.)	390 420	23	37 18	45 28	7 20	15 32	20 35	
Marks & Spencer (*158)	140 160 180	21	9.T.G	29 16	1½ 8 24	4½ 10 27	14	Sea	5.	120	913	17	21 151,	5	71:	10	
STC (*277.)	260 280	29	35	31	6	10 17	27	Trust hours	e Forte	260	20	29	39 28	912	1315	2 <u>1</u>	
Salmsbury	300	16	22 13 20	21 24	14 26	30 11	33_	Lydra 6.59	EMI	280 550 700	271 ₂	19 47 24	67	18 15 47	29 27 58	31	
(°202) Shell Trans,	950	53½ 60	78	15 93	<u>2i</u> 17	22 37	25 26	(%5 Wellow (%46	proe	460 500	23	44 24	38 57 37	14 38	22	27 48	
(*975)	1000 1050	30 13	48 26	65 44	40 77	62 95	63 97		,	. ,		. 24	. 3/				
Storehouse (=172)	260 180	19	27 16	32 20	5½ 16	.8 18	12 21	Bog	Option	220	Dec 1312	Apr 25	Jul 30	Dec 2	Agr 11	Jøl 14	
Trafalgar House (*310)	280 300 330	32 17	35 24 11	28 15	4 NN	6 15 %	18 38	r 22		240	6	25 15	30 20	20	11 22	25	
Utd. Biscuits (°296)	280 300	27 16	37 27	44 34	11 21	14 24	20 30	British	Option	160	Jan	Mar	Mar 115	Jun 17	Jan 3	Mar	Jun 71 ₂
Ultramar (°239)	220 235	20	30	48	12	16	14	619	4)	160 180	10	42	7/2	1612	1812	19,5	
Woolworth	240 220	35 17	42 22	38	2 6 17	- 4	24		Option		Nov	Jaq		Nov	Jan }		
(*245)	240 260	9	14	30 17	17	19	1 12	RHA (*36)		330 I	32	40 17	= .	10	18	Ξ	
Option		Jan	Apr	Ang	Jan	Apr	Azeg		Option		Dec	Mar	Jul	Dec	Mar	Jul	
GEC (*174)	140 160 180	37 19 54	39 22 10	25 16	1 3 10	2 5½ 14	- 9 16	Beech (*464	ama (460 500	14	32 15	45 27	17 48	23 48	31 55	
								Unite (*47	76 9)	460 500	20)2	46 25	56 34	7 28	14 34	21 42	
Option Rolls-Royce	130 140	Jan 11 5 552	Apr 16 ¹ g	Jun 20	Jan 4	Apr 6½	Jan 9	Cotion			Dec	Mar	N- '	B	44 T	20	
TSB	100	17 8	11	13 19 11	9 21 ₂	2 5	15 3 6	8TF	1	280 300	19	30 18	May 31 19	31 ₂	7 ¹ 2	11 20	
(*114.)	120	3	17½ 8½ 5	11	8 8	9	ן ב	Hense (°150	Я	140 160	121) 11	15 51,	18 74	2 13½	15	5 151 ₂	
		_					_	Test (°1,36	•	130 140	11	16	18 13	2 7	16 10	7 12	
Option Ladbroke	390	Nov 57	Feb 70	Apr	Nov 1	Feb 3	Apr										
(*444)	420 460	27	45	54 28	19 2	8 25	垪	Enterpris		550	Nor 46	Jan 67	Mar 82	Nov 10	Jan 25	Mar 35	
								Scot. & No	wcastle	390	18	40 30	82 58 42	35 10	20	29	
Option Brit Aero	420 460	66 27	Feb 82	May 90	Nov 1	Feb 41 ₂	May 10 ·	"390))	420 460	1,5	15	42 27 14	- 35	40 73	48 75	
(*484)	460 500	27 31 ₂	50 26	57 36	20,5	13 30	22 42		ption		Nov	Feb	Мау	Nov	Feb	May	
BAA (*281)	280 300	1	1512	24 15	212	11 24	15 27	Coov. 912 °	2005	100 102	173	251	- -	33	14		
BAT inds (*441)	420 460	25 3	43 20	51 29	21 2	81 ₂ 28	17 37	Tr. 12%		104	_==	-		-*[-		
Brit, Telecom (*246.)	240 260	8 1	16 71 ₂	23 14	2 15	8 18	10 20	(*106	ñ"	108 110	=	-,	Ξ	- 1 <u>8</u>	-11	=	
Cadbury Schweppes (*361)	330 360	33 10	53 34	60 42	712	11 24	16 31				·	<u>"</u>		-45	-10.		
Golmoess	390 330	212	20 28 13	28 36	32	11	16	Optio		Nov 183			- 1 ,	v Dec	Jan	Feb	
(°338) LASAAO	360 460	53	78	18	24 4½	26	32 28	Index (°1825)	1650 1700 1750	183 133 83 42	147 ()	120 1	65 l <i>i</i>		12 20	17	
(=508)	500 550	22	53 32	70 47	13 48	33 60	43 68		1800 1850 1900	42 14 4	63 33 14	110 1 75 8 47 5 25 3	25 47 8 10 8 33 6 78	11 21 41 80	20 32 50 85	26 39 60 92	
0.3.0	500	76	ŘŘ	95	2 1	4	-		TAFA	. 7 1	-7 1	و ر ہے	<u> </u>	, , 60	ایتورا	74	

UK COMPANY NEWS

Storehouse disappoints with 29% drop to £23.6m

SIR TERENCE Conran, chairman of Storehouse, the retail group combining BhS, Habitat, Mothercare and Richards, told shareholders yester-day that the group's interim results were "clearly disap-pointing." They showed a drop in pre-tax profits of 29 per cent to £23.6m – towards the lower end of market expectations.

Storehouse survived a break-up bid attempt a year ago. The City is still questioning the wisdom of the merger of Habitat-Mothercare and British Home Stores, now nearly three years old. Sir Terence did not attend meetings with analysts and press yesterday, he was opening a new store in

Half-time figures were hit by poor trading conditions, particularly in clothing, during the summer. Sales in the 24 weeks to September 17 rose only 6.9 per cent to £514.8m.

Higher costs, notably for rent and rates and the depreci-ation charge, hit margins as did heavy mark-downs of summer clothing.

Earnings per share fell by 30.2 per cent to 3.7p and the interim dividend is unchanged at 2.5p net.

However, Mr Michael Julien, chief executive since June this year, said that the disappointing results and the fact that "the retailing climate has become much worse since the end of the half year" had "fur-ther reinforced the determina-tion of management." A major profit improvement programme was being developed for the whole business, he said. He outlined the group's three-part plan. First, a newly-established retail services division would pool resources on information technology, distribution and credit card services thus cutting costs "signifi-

Second, a space management plan will make better use of the group's 13m sq ft of space, only 7m sq ft of which is used



Sir Terence Conran: clearly disappointing results

for trading purposes. Surplus space will be sold or put to use Third, the repositioning of BhS, the major profit contribu-tor, begun when the merger went through. Some 60 of the went through, some 60 this 131 stores will have changed to a new format by Christmas. So far sales in the redesigned shops were 10 per cent ahead of the old style stores, Mr

Mr Jim Power, finance direc-tor, said the group's level of gearing would rise slightly to about 27 per cent by the year

Mr Julien warned that "there is no quick fix." He said it would be a two or three year job to get the group's profits back on track.

Analysts were not convinced that Storehouse could achieve the turnround, given the difficult trading environment. However, the shares rose 3p to close at 170p on bear closing.

In the BhS chain sales had risen by only 3.6 per cent to £232.4m, about half of which came from new sales area. A 15 per cent rise in fixed costs and mark-downs meant its trading profits were 24.3 per cent down at £17.8m. That includes a £5.2m (£4.2m) contribution from Savacentre, the joint ven-ture with J Sainsbury.

This Notice does not constitute an offer of securities of Hill Samuel Finance B.V. or TSB Hill Samuel Bank Holding Cempany plc

NOTICE

to the holders of the outstanding U.S.\$30,000,000 Floating Rate Notes due 1996

(the "Notes")

(the "Company")

constituted by a Trust Deed (the "Trust Deed") dated 24th February, 1984 made between the Company, TSB Hill Samuel Bank Holding Company plc (formerly called Hill Samuel Group Fic) (the "Guarantor") as guarantor and The Law Debenture Trust Corporation p.l.c. (the "Trustee") as trustee for the holders of the

(1) In order to facilitate a corporate reorganisation of the Hill Samuel Group, the Company and the Guarantee requested the Trustee to concur in making modifications to the Trust Deed whereby (Inter alls) the existing covenant given by the Guarantee in connection with the maintenance of Hill Samuel & Co. Limited (Formerly called Hill Samuel & Co. Limited (FRSB') as its directly owned subsidiary would be replaced by (I) like covenants in connection with the maintenance of TSB Engined & Wales plc (*E&W') as a directly owned subsidiary of the Guarantee and of HSB as a directly owned subsidiary of E&W and (II) a suburdinated guarantee in respect of the Notes by TSB Group pic (the "Additional Guarantee");

the Trustee, having been advised by S.G. Warburg, Akraya, Rowe & Pitusan, Mullens Securities Ltd. that the modifications referred to in (1) above wenter result in a significant credit enhancement from the point of view of the Noteholders, being of the opinion that such modifications are both proper and not materially prejudicial to the interests of the Noteholders, has concurred in making such modifications;

such modifications are contained in a First Supplemental Trust Deed dated 31st October, 1988 made between the Company, the Guaranter, the Additional Guaranter and the Trustee.

The Terms and Conditions of the Notes as so modified will be available in the statistical services of Extal Financial Limited after 18th November, 1938. Any Noteholder who wishes to inspect copies of the Trust Deed or the First Supplemental Trust Deed mentioned above or to obtain a copy of the Terms and Conditions of the Notes as so modified may do so at the specified offices of the Paying Agenta listed below:-

PRINCIPAL PAYING AGENT

Margan Gustanty Trust Company of New York, 30 West Breadway, New York, N.Y. 19015. OTHER PAYING AGENTS

Krediethank S.A. Luxembourgeok 43 Boulevard Royal, Luxembourg.

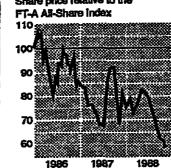
Morgan Guaranty Trust Company of New York, Avenue des Arts 35, B-1040 Brussels.

Morgan Guaranty Trust Company of New York, Morgan House, i Angel Court, London EC2R 7AE.

HILL SAMUEL FINANCE B.V.

Hill Samuel Finance B.V.

Storehouse Share price relative to the



The Mothercare business also suffered poor sales growth - 4.1 per cent to £136.5m -and profits fell 9 per cent to £9.1m. However, the business bore £1.5m of non-recurring costs associated with duplicat ing its distribution system which had caused major prob-lems in early periods. Mr Kevyn Jones, head of Mother-care, said these problems were now solved.

By contrast the home furnishings side — Habitat, Heal's, and Conran — had shown a 15.5 per cent sales gain, to £108.2m, and a 23.7 per cent profit rise to £4.7m. The move to out-of-town stores was benefiting Habitat, the group

The fashion division, mainly Richards, had suffered a sharp drop in profits from \$2.8m to £300,000, despite a sales gain of 16.7 per cent to £37.7m. Here too there were heavy markdowns to clear summer stock. Storehouse provided £1.6m for the possible early redemption by holders of its convertible bond. This will cost \$3.5m in a full year. The interest charge was also higher because of increased debt and the rise in interest rates, and totalled 59.1m (57.0m). Property profits were £300,000 (£600,000). Tax was estimated at 35.6 per cent.

Brit Steel roadshows yield hints

on pricing By Philip Coggan

THE BRITISH Steel roadshows have received a very positive reception from investors and the Government may be able to price the company at the higher end of the suggested £2.5bn.£2.8bn range when it is privatised later this month. privatised later this month.

Yield is proving the main attraction, particularly as the offer-price will be payable in two instalments. Depending on the pricing chosen, the annualised gross yield on the first instalment could be between 14 and 16 per cent. 14 and 16 per cent.

Roadshows in Japan, the US and on the Continent have revealed substantial overseas demand for the offer. Japanes investors in particular regard British Steel as cheap on the ratios and dividend yields.
About a third of the issue is being offered outside the UK, being offered outside the UK, although the proportion could be reduced to a quarter if UK demand is strong.

In the UK, about 1.4m peo-

ple have registered with the share information office. The UK retail section will cons tute a minimum 25 per cent of the offer. That may increase to more than 40 per cent if demand is sufficient. UK institutions appear to be

happy with the suggested package of firmly placed shares, conditionally placed shares and sub-underwriting. About a third of the shares will be firmly placed with UK institutions, with possibly a further 11 per cent condition-

ally placed. Samuel Montagu, the Government's advisers, said the issue was likely to be priced in relation to benchmark UK industrial stocks, rather than overseas steel companies. The key 12 stocks being considered have prospective yields ranging from 5.24 per cent to 7.01 per cent and prospective price/ earnings ratios of between 7.5

Even if it was priced at £2.8ha, or 140p per share, Brit-ish Steel would be on a prospective p/e of 6.4 and a gross dividend yield (assuming pay-ment of both instalments) of 7.1 per cent. That would still

SPECULATION about the

future of Mountleigh, the prop-

erty trading and development group which in recent weeks has made a series of sales to reduce its debt, is likely to increase following a significant

change in the ownership of its

An announcement to the Stock Exchange after the close of trading yesterday said that

Newcombe investments would be selling its 7.6 per stake in Mountleigh to TGP 110 by the

The stake, which will be transferred under the terms of a put and call agreement, was worth £28m at last night's clos-

ing price for Mountleigh of

Newcombe Investments is

part of Organizacion Diego Cis-neros (ODC) of Caracas, Vene-zuela. It acquired its stake when ODC sold Galerias Pre-ciados, Spanish department store chain, to Mountleigh last

year. Last month, ODC bought from Mountleigh a portfolio of

end of the year.

168%p a share.

By Paul Cheeseright, Property Correspondent

Interests will be below 40% in future

Maxwell to keep stake in printing

MR ROBERT Maxwell, publisher of Mirror Group Newspapers, is not after all going to sell off all his printing going to see the arms partially interests to pay for the \$2.6bn (£1.45bn) acquisition of Macmillan, US publishing group.

Mr Maxwell said yesterday that Maxwell Communication

that Maxwell Communication
Corporation, his main quoted
company, intended to keep a
stake of between 20 per cent
and 40 per cent in BPCC, his
main printing vehicle.

At a press conference yesterday to amnounce the launch of
a colour magazine for The Peonle Sunday newspaper. Mr ple Sunday newspaper, Mr Maxwell said he had an under-standing with Mr John Hol-loran, chief executive of SPCC,

about a management buyout, although no legal agreement "The management buyout team are very keen that we should remain shareholders and we reciprocate that keen-ness," Mr Maxwell said.

Apart from the management: team it is clear that other sub-stantial companies are also interested in BPCC.

Mr Maxwell's comments yesterday came as a surprise because he gave the clear impression on Friday following his Macmilian victory that he would concentrate in future on being purely a publisher. He intended to move, he said, from " heavy industry into light."

It is now likely that as he moves to sell other parts of his printing empire such as HNPC, the separate company which prints Mirror Group Newspa-pers, and even possibly in the longer term his US printing operations, MCC will hold a residual minority stake.

'We want to remain as investors. Printing is a very profitable industry. But we will not be controlling any printing in future," Mr Maxwell



Robert Maxwell: his comments

explained on the way to making a speech attacking the US banking system for the type of leveraged buyonts that tempo-rarily blocked his bid for MacThe publisher said he wanted his printing interests in future to be portfolio investments, which would in each case be less than 40 per cent. Such partial disposals, he estimated would raise at least \$1bn towards his Macmillan acquisition and a further \$15n is expected from the eventual sale of peripheral Macmillan

Mr Marwell also announced yesterday that all his national newspapers, the Daily Mirror, Sunday Mirror and The People would be printing in colour by next January.

Mr Richard Stott, editor of

the Daily Mirror, said sales of the newspaper had risen by more than 130,000 as colour had been phased in over the past few months in about half

Colour was introduced in the Yorkshire television area this week and there had already been a 7.5 per cent increase.

Erostin rises

to £2.57m at

half-way stage

Erostin Group, commercial and

residential property developer based in Milton Keynes, has

doubled turnover and lifted

pre-tax profit 58 per cent in the half-year ended October 5 1988.

The directors have maintained their forecast, made

when the company came to the

market in July, of minimum pre-tax profits of £62m and a dividend of 5.5p for the full year. They have declared an

Medirace bids for rest of CLS

By Andrew Hill

MEDIRACE, the Third Market company set up to research into treatment for Aids and cancer, is making an agreed bid for the rest of Cambridge Life Sciences, valuing the biosensor technology company at £3.96m.

Last week Medirace announced it had acquired a 20.8 per cent stake in CLS by subscription for new ordinary shares and said it would go on to acquire the balance within a

The company is offering one new Medirace share for every three CLS ordinary shares. It has received irrevocable underhas received irrevocable under-takings from eight of CLS' major shareholders to accept the offer, which would give Medirace a stake of at least 53.3 per cent in CLS, when added to its existing holding. Medirace said that the acqui-sition of CLS would enhance

sition of CLS would enha the enlarged group's cashflow through the production and sale of biosensor technology,

which is used in diagnostic products. A laboratory instru-ment for the clinical measure ment of blood glucose is to be

The purchase, added Medi-care, would also help the group in its aim to develop a monitoring device for Aids and cancer.

If the offer is fully taken up, CLS shareholders will hold just over 20 per cent of the enlarge company's equity. Medirace shares rose 2p to 90p.

optimism Yorklyde, Huddersfield-bases cloth and rug maker, increased profits from £1.16m to £1.22m in the half year ended July 31, on unchanged turnover of

Earnings were 16.9p (16.1p) and the interim dividend is again 2.75p.
The first contribution from Arthur Bell (Scottish Tweeds) will be for the six months ended January 31, when the

year. They have declared an interim of 2p.
Turnover for the period was £19.36m (£9.4m) and profit £2.57m (£1.62m), with earnings at 8.4p (7p). The group came to the market in July.

Mr John Upson, chairman, and turnover and profit from

said turnover and profit from commercial development were better than forecast and pros-pects were good. The granting of outline planning permission for an office development adjacent to Birmingham International Airport and the acquisition of a second site at Willesden, London, were fac-tors that augured well for the

longer term.
Despite mortgage increases and seasonal reduction in sales, profit from residential

Blacks Leisure expansion | Yorklyde

By Flona Thompson

BLACKS LEISURE, camping equipment, sportswear retailer and fashion goods manufacturer, is to acquire Alpine Sports, a skiing, climbing and camping goods business with one Manchester and two Lon-don outlets. Consideration is £2.3m and the vendor is JJB

central London properties,

including Paternoster Square next to St Paul's Cathedral.

TGP 110 is a company established by Tranwood Earl, the

small London merchant bank and the SASEA Holding Group, based in Geneva. SASEA,

which has 6 per cent of Tran-wood Earl, launched into the UK property market earlier this month when it too bought

a portfolio of properties from Mountleigh.

SASEA is controlled by Mr Florio Fiorini, an Italian busi-nessman who is said to have close links with Mr Giancarlo Parretti, another Italian busi-

nessman and the subject of

continual speculation in the

Mr Parretti, it has been said, is about to buy Galerias Precia-dos. But Mountleigh has been

countering this speculation by insisting that the department stores are not available for sale and that it has not been negoti-

ating with Mr Parretti.

Madrid press.

look cheap compared with the benchmark stocks.

The offer will be announced by Lord Young, Secretary of State, on November 23.

The purchase will be made through Howard Sports, a subsidiary of Blacks. Howard will pay JJB £1m for the business, properties and assets of Alpine

and £1.3m on completion for In the 55-week period to October 2, Alpine Sports had sales of £3m.

In the same deal, Howard has agreed to sell to JJB part of the business, properties and assets of Howard for £900,000, and stock for £800,000, making a total consideration of £1.7m. Howard will pay JJB in cash the difference between the two considerations, amounting to

Mr Florini, on the other

hand, through SASEA, is

believed in London to have

been examining the possibility of a hid for Mountieigh. His purchase of a stake is thus likely to be interpreted as the building of a platform for a hid.

Mountleigh, however, has been undergoing a period of rapid change. Since Mr John Duggan became chief executive last month there has been a

ast month there has been a series of property sales which has not only reduced, on his figures, the gearing of Mountieigh to 30 per cent, but has also removed from its portfolio most of the notable properties

it once owned in and around

This restructuring has been the first stage of an attempt

tochange Mountleigh from a

property trading company, assessed by the market on its ability to generate ever-increasing profits, to a property company intent upon building

up net asset value per share.

Equity moves fuel speculation on possible bid for Mountleigh

group's results are expected to show that it has maintained its forecast. position in the industry.

DIVIDENDS ANNOUNCED

		Date of payment		Total for year	Total last year
Amber Ind Hidgsint		Jan 5	3.25		11
Appleby Westward int	2 §	Jan 3	1.6	-	4.4
Bank of Irelandint	44	Dec 16 .	. 4	-	11.75
Bellwayfin	゛デ゙	``Jan 20`	5	10	8
British Investint	8.5	-	7.8	-	19
Christy Hunt	1.28			2.16	-
nt أسست (William) nt	2.75	Jan 3	2.25	-	8
Electrocomponentint	1.47	Jan 4	1.27	_	4.37
Erestin Groupint	2	Feb 14	-		
Putura HoldingsInt	2.5%	Jan 17	2.5		10
Gleecon (M J)fin	6 .	Jan 26	4.8	8.14	6.66
Graniplen TVint	0.6	_	0.43		2.5
King & Shaxsonint	. 2.5	'Dec 15	2.5	_	9.25
Multitrustfin	0.5	•	1.52	0.5	1.5
Powerscreenint	1.2	dan 10	1	-	3.5
Staveley Inds		Jan 3	1.7		5.7
Storehouse	2.5	Feb 16	2.5	_	3.8
Video Tape.	1.7	Dec 14		2.5	-
Wellcomefin	2.6		á	3.6	2.81
Willemson.Teafin	10	_	. 10	3.0	201

Dividends shown pence per share net except where otherwise stated. "Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. §SUnquoted stock. §Third market. §Shareholders received a special interim dividend of 7.5p on Oct 17 in connection with an agreed offer. Phirah currency throughout, Financial period of 18 months, dividend paid out of operating profit for a months.

BOARD MEETINGS

of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interning or finals and the subdividends are interning or finals and the subdividends are interning or finals and the subdividends about below are based mainly on last year's timestable.	COFF
TODAY	· A

TODAY Interime- Abertoyle Hidge. Petrocon Group, Premier Somic, Waverley Mining Fin	' Group Hidge 1800a.
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10 10 10 10	CMI. Microsystems	Nov. 2 Nov. 2 Nov. 1
	Porter Chadburn River & Merc. Trust TR Property Inv. Trust	Nov. 14 Nov. 30 Nov. 17 Nov. 2
	Tex Hidgs. Trevien Hidgs. Finele Control Techniques	Nov. 17 Nov. 17
4,	Piccedilly Radio	Nov. 11 Nov. 21 Nov. 2

Morgan Guaranty Trust Company of New York, Mainzer Landstrasse 46, P.O. Box 174283, D-6000 Frankfurt am Main.

Swiss Bank Corporation, Aeschenvorstadt 1, Basic,

Dated: 11th November, 1988

Notice is hereby given to the Noteholders that:

To coincide with our move to larger premises this week, the company you knew as Sallmann Barrington Laurance will now be known simply as Sallmanns. We're sure that the international property market as a whole and our clients in particular, will recognise that this name change ties in neatly with our philosophy of keeping everything we do-

Simply easier for everyone

INTERNATIONAL PROPERTY CONSULTANTS - NOW AT: 20 REGENT STREET LONDON SWIY 4PH Tel unchanged: 01 409 2222

Decisions

in London

on IDG due

IMPORTANT AND possibly

crucial stages in the six-month-long 12300m takeover battle for the Irish Distillers

Group take place today in both London and Dublin.

In London the full Takeover Panel will meet to deliberate

on complaints made by GC&C, the wholly owned subsidiary

of Grand Metropolitan, that

the French Pernod Ricard group, its opponent in the IDG battle, broke the Takeover Code in securing a number of

irrevocable share acceptances from IDG shareholders.

In Dublin, the Supreme

UK COMPANY NEWS

Max Wilkinson reports on the oil majors results at nine months

BP advances despite oil price fall

yesterday reported a 24 per cent rise in replacement cost after-tax profits for the first nine months of the year despite the weakness of oil

MBER II 1988

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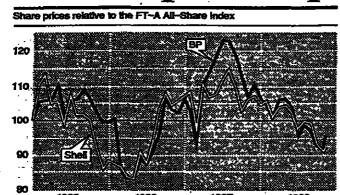
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The improved result was achieved in spite of a \$3 per barrel fall in world oil prices and a 10 per cent depreciation of the dollar. It reflected a strong performance in the chemicals and the refining and marketing sectors.

BP's profits have also been helped by its programme of asset sales. The target of \$1bn of sales set for this year appears to have been achieved within the first nine months. The third quarter, results published yesterday, showed thatreplacement cost after-tax profits rose to £402m compared with £330m in the same period last year. On a historic cost basis after-tax profits fell from £356m to £318m. The fall reflected the lower value of oil stocks as world crude prices



For the first nine months of the year the replacement cost after-tax profit was £1.13bm, an increase of 24 per cent com-pared with the same period last year.

ing profit for UK operations rose to £660m in the first nine months of the year compared with £586m. The strong perfor-

mance in the face of declining oil prices reflected the inclusion of the Britoil North Sea fields which were purchased earlier this year and the dis-posal of part of its Ninian field. However, exploration and production profits from the US fell from £973m in the first nine months of 1987, to £644m in the same period this year.

product prices remained relaively firm while crude prices fell. In the UK and Europe refining and marketing profits rose to £58m in the third quarter compared with a loss of £21m in the same period last year. There was also a strong growth of downstream profits in the US where operating profits in the first nine months rose from £157m to £230m,

despite the weaker dollar.

The chemicals business also continued to forge ahead, with third quarter profits at £122m, more than twice last year's level in the first pine. level. In the first nine months chemicals and minerals together contributed £562m to group profits, more than the whole of the refining and marketing operations.

The group continues to have a strong underlying cash flow, which, excluding adjustments related to the purchase of Britoil, was little changed at close to sthe

Salt prices help Staveley advance 27% to £8.1m

STAVELEY INDUSTRIES, minerals and measurement company, lifted pre-tax profits by 27 per cent to £8.1m in the first half of its 125th anniver-

Mr Brian Kent, chairman, expressed satisfaction with the result. But he warned that the contribution from measure-ment to the full-year profits, which had been expected to be about even with minerals, would be slightly lower than originally anticipated. However, British Salt, he said, was having a "super" year. A price increase initiated

in the spring was holding at about 6 per cent, while the cost-base was being helped by low fuel costs. Additionally, the new salt tablets factory, which came on stream in March, was going well.

In the last full year, minerals accounted for about £8m, and

easurement about £7m, of £18.1m pre-tax profits.
Within the measurement

Meggitt buys

By Clare Pearson

KDG for £8.5m

Meggitt, the aerospace and engineering group, is buying KDG Holdings, primarily a pro-cess control instrumentation

company, which it says is com-

plementary to its existing Bes-tobell Mobrey subsidiary. The

Consideration for KDG is the

issue of 8.59m new ordinary

consideration is £8.5m.

division, there is expected to be a previously unforeseen cost of around £300,000 in the sec-ond half for rationalising Qualcorp, the US quality testing concern it bought for £12m in

February.

The problem arose in the first half in Qualcorp's Mexican operation, which Staveley discovered was producing what it regarded as sub-standard work. As a result, more of Qualcorp's Connecticut-based staff have had to be kept on for longer than was originally

anticipated.
Turnover in the 26 weeks to October 1 stood at £117.5m (£98.6m). The tax charge, which is likely to rise steadily over the next few years, was up 5 per cent at 28 per cent. A small increase in Staveley's stake in Weigh-Tronix, one of its US measuring interests, to 52.9 per cent, made for a minorinterest of £800,000

Earnings per share came out

GRAMPIAN TELEVISION, IBA

contractor for the north of

Scotland, yesterday reported

more than doubled profits and

Pre-tax profits for the six

months to August 31 rose from £214,536 to £580,878 on turnover

of £9.71m (£8.90m). "The much

improved figures reflect an

increase in revenue at a time

of carefully controlled costs,"

said Sir Iain Tennant, chairman. "Advertising revenue

rose by almost 7 per cent and

there are signs that the trend

By Flona Thompson

a new chairman.

Grampian TV more than

doubled to £580,878

and Dublin at 6.74p (5.39p). An interim dividend of 1.9p (1.7p) is being By Kieran Cooke

O COMMENT

prises and analysts left full year pre-tax profit forecasts unchanged at around £21.5m, putting the shares on a prospective p/e of between 9.5 and 10, which is considered sound. The small problem at Qualcorp notwithstanding, analysts con-tinue to place faith in the competence of the management to develop the higher-growth measurements side. It must do this to ensure long-term growth given the maturity of the dominant salt business. salt is going through one of its livelier phases, what with the recent successful introduction of price rises and the move into pellets; and then, of course, this winter can hardly

in revenue drifting south may

Mr Douglas Hardie would suc-ceed him on his retirement in

June. Mr Hardie, a board mem-

ber since 1984, has been deputy chairman of the Scottish Devel-

Programme sales contrib-uted £467,000 (£342,000). The

tax charge was £245,041

(£81,638). Earnings per share rose from 0.98p to 2.47p and an

interim dividend of 0.60p

(0.43p) was declared.

opment Agency since 1980.

have been arrested."

Court is due to give its judg-ment on an appeal brought by FII Fyffes, Dublin-based food company, against a high Court ruling ordering it to sell a 20 per cent stake in IDG to Pernod has said that with the Fyffes stake it has more

than 50 per cent of IDG's shares. The High Court had found that Fyffes had reached a legally binding agreement with Pernod to sell its IDG shares at a price of 1£4.50 per share. Subsequently GrandMet offered I£5,25 per share. Events in London and Dub-

lin are likely to bring the bat-tle for IDG much closer to a

CORRECTION

Amersham Int'l

Yesterday's report giving details of Amersham Interna-tional's interm results incorrectly stated the company's pre-tax profits. The correct figure is £10.76m.

Royal Dutch/Shell income grows 28%

group reported a 31 per cent rise in its current cost net income for the third quarter of the year. For the first nine months, current cost net income rose by 28 per cent to

rise in the same period was 11 per cent to £2.23bm. The third quarter historic cost profit was £772m and the profit on a current cost of supplies basis was

marine and marketing and the chemicals operations.

chemicals operations.

The group said cash flow from operating activities rose to £4.4hn (£3.8hn) in the first nine months. This was mainly because of reduced working capital requirements. Capital expenditure on exploration rose 12 per cent to £3.5bn. In the US the group sustained a loss in the exploration and production sector of £11m

earnings at £187m compared with £272m. Crude production was unchanged on average, but natural gas sales US downstream earnings more than doubled to £99m. Outside the US better margins

resulting from firm product prices and lower refinery costs pushed third quarter profits up from £138m to £213m

Chemicals worldwide contin-ued to perform strongly with higher volumes and increased

See Lex

both showed marked improve-ments in profitability, the com-

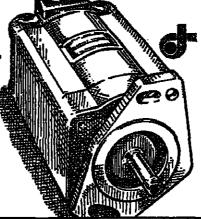
Exploration and production earnings for the third quarter fell to £176m compared with £394m in the corresponding

In the third quarter the group's petroleum sales aver-aged 7.36m barrels per day compared with 7.25m b/d in the same period last year. Of this, crude oil accounted for 2.41m b/d against 2.3m b/d.

Of these, 2.16m are being Third quarter natural gas sales were 4.97bn cu ft per day placed by the vendors. KDG made £63,000 pre-tax compared with 5.1bn cu ft a profits on turnover of £14.59m in the year to end-June.

For growth like ours we have our heads





screwed on and our axles and wheels and seals and brakes and tyres belts and and tubes and hose and valves exchangers. And a commitment by thousands of BTR employees in hundreds of companies throughout

THE ROYAL Dutch/Shell prices, offset by a rise in prof-Outside the US the explora-tion and production sector fared better with third quarter

£2.39bn. On a historic cost basis the

The results reflected a fall in

exploration and production revenues, resulting mainly from the lower world crude

MARCONI INSTRUMENTS, the electronic test and mea-

surement instrument division of the General Electric Com-

pany, is moving into manufac-turing in continental Europe

with the acquisition of Adret from the Schlumberger group. The purchase is the first if its kind for Marconi, which has

built up a strong export busi-

ness in recent years and is now intent on consolidating its

ment to develop Digsa.

BRITISH INVESTMENT Trust:
NAV at September 30 637p
(783p). Income increased in the

six months to £10.14m (£8.97m) and earnings were up to 10.39p

(9.57p). The interim dividend is lifted to 8.5p (7.5p). BROADCAST COMMUNICA-TIONS has conditionally

By Terry Dodsworth

for the third quarter as a result of lower crude prices and lower natural gas production caused by operational problems in the Marconi expands into Europe

> group, particularly for use in the telecommunications and defence industries. Having a presence in France should help Marconi increase its sales to these sectors, he said.
>
> The expansion in France was accompanied yesterday by the announcement of an exclusive

coni, said yesterday that France was the biggest market in continental Europe for the type of equipment made by the ing and servicing of Marconi's product range in Japan.

Mr Warwick refused to give financial details of the Adret acquisition, although he said that Marconi was buying only the assets of the French company. Adret's current turnover is about FFr 70m a year (26.5m), and the company is now profitable after running into losses last year. It employs 120 at Trappes, near Paris. Marconi has sales of around £100m and makes profits of approximately £18m. Its exports have jumped from £14m in 1983 to £53m in its last financial ways

position in other European distribution agreement for the countries by establishing procupits products in Japan with duction and research and kikusii klectronics. A new development facilities division is being established within kikusui with sole and general manager of Mar-

ASHLEY GROUP, until recently a shell company, con-firmed yesterday that it had

COMPANY NEWS IN BRIEF agreed for Guardian and Man-chester Evening News to sub-scribe for 500,000 new ordinary received an approach for Digsa, the Spanish food group bought in September from Dee Corporation. Ashley said it had terminated talks with the would-be buyer, Tabacalera, and reaffirmed its committed to develop Digse.

jects.
CAIRD GROUP has said that
5.2m shares (97.3 per cent) of
its rights issue have been taken up. EGERTON TRUST is expand-

ing its housebuilding operations with the acquisition of the Northampton-based Gayton companies. Initial consider-

ation of \$2.5m will be satisfied by the issue to the vendors of 1.14m shares at 215p each.
Deferred consideration, to a
maximum of £5m, depends on
profits up to December 1993.
QUEENS MOAT has
announced that 67.16m (95.6 per cent) of the shares offered in its rights issue have been taken up. The balance has been sold in the market. WILLIAMS HOLDINGS has received acceptances in respect of 72.9 per cent of the ordinary shares in Pilgrim House, for

which it made a recommended £331m offer last month. The offer has been extended to

This Notice does not constitute an offer of securities of TSB Hill Samuel Bank Holding Company pic

NOTICE

to the holders of the outstanding U.S.\$75,000,000 Perpetual Floating Rate Notes (the "Notes")

TSB Hill Samuel Bank Holding Company plc (formerly called Hill Samuel Group Pic) (the "Company")

in order to facilitate a corporate recognisation of the HHI Summel Group, the Cumpany requested the Iris conserved the Research a sufficient of the Research and the existing currents five the Company in connection with the maintenance of Hill Summel Bank Limited (Summely called Summel & Ca. Limited (Summely called Summel & Ca. Limited) ("HISB") as its directly owned asherdany would be replaced by (i) like cover in counsection with the medicanance of TSB Regiond & Wales ple ("L&W") as a directly sympol subside of the Company and of HISB as a directly owned asherdany of E&W and (R) a subscribated guarant respect of the Notes by TSB Group ple (the "Gaussian");

(2) the Trustee, having been advised by S.G. Warkung, Altrayd, Rowe & Pitman, Mulleur Scientifies L. the modifications referred to in (1) shows weekl result in a significant credit enhancement from the view of the Netchelders, being of the opinion that such modifications are both proper and not ma projudicial to the induced of the Netchelders, has concerned in making such modifications;

ach modifications are contained in a Thest Supplemental Trust Dead dated Sixt Octaber, 1968 made ctween the Company, the Guaranter and the Trustee.

The Terms and Conditions of the Notes as so modified will be available in the statistical services of Extel Pinancial Limited after 18th November, 1988. Any Noteholder who wishes to inspect copies of the Trust Deed or the First Supplemental Trust Deed mentioned above or to obtain a copy of the Terms and Conditions of the Notes as so modified may do so at the specified offices of the Paying Agents issted below:-

PRINCIPAL PAYING AGENT unity Trust Computer of New York, Morgan House, LAngul Court, London ECZR 7AE.

OTHER PAYING AGENTS

TSB HILL SAMUEL BANK HOLDING COMPANY FLC

> The Royal Bank of Scotland Group plc

£200.000.000 Floating Rate Notes 2005

In accordance with the Terms and Conditions of the Metes notice is hereby given that for the interest Period from 9th November 1988 to 9th February 1989, the Bates will be at a Rate of interest of 121/4% per annual. The appoint of interest payable on 8th February 1989 will be £154.38 per £5,000 Note, and £1534.84 per £50.000 Note.

AGENT BANK: CHARTERHOUSE BANK LIMITED

AMENDMENT TOKYO TRUST S.A.

INTERIM DIVIDEND

An interim Dividend of US\$ 0.08 per share will be payable on 18th November 1988 to holders on the Register on 18th October and to holders of the Bearer Shares against presentation of Coupon No. 31 at the

Singer & Friedlander Ltd 21 New Street, London EC2M 4HR OR Krediethank S.A. Laxembourgeoise 43 Boulevard Royal, Laxembourg



CONSOLIDATED MURCHISON LIMITED Incorporated in the Republic of South Africa Reg.No.05/05478/06

Conversion of S Ordinary Shares into Ordinary Shares

ual general meeting held on 17 October 1988 shareholders resolved by special resolution to convert the Company's S ordinary shares, whether issued or unissued, to ordinary shares in the same class as, and equal in all respects to, the existing ordinary shares in the Company's capital. The resolutions passed at that meeting have now been registered by the Registers of Companies and the Johannesburg and London Stock Exchanges have given their consent for the S ordinary shares to be redesignated ordinary shares with effect from 14 November 1988.

For and on behalf of the board per. E.J. Thomas

Johnannesburg 10 November 1988

Anglovaal House 56 Main Street Johannesburg

Anglo-Transvaal Trustees Limited 295 Regent Street London, W1R 8ST

UK COMPANY NEWS

Powerscreen clear for growth

A SLIGHT reduction in profits, from £6.95m to £6.51m, is announced by Powerscreen International, the quarrying equipment business, for the six months to September 30, 1988.

Turnover dropped from 527.04m to £52.04m and com-£27.04m to £20.41m and earnings per share fell to 6.7p (8.3p). However, according to

(8.3p). However, according to Mr Patrick Dougan, chairman and chief executive, the fall in sales was entirely due to the disposal in June of British Benzol, the company's solid fuels distribution business, which made sales of £11.6m in last year's first half. "In our core businesses profits increased." The solid fuels business was inherited by Powerscreen inherited by Powerscreen when it effectively acquired British Benzol in a reverse

THE RECOVERY at William

Cook, one of Britain's largest steel foundry groups, contin-ued in the six months to end-

October. Pre-tax profits came out at £1.83m, more than the company made in the whole of

its last financial year. Mr Andrew Cook, chairman,

said the company's growth pat-

tern, which came to an abrupt halt in the first half of last

Cheshire-based footwear manu-facturer which was recently

taken over by Manchester busi-

nessman Mr Beverley Oates,

has reported a group loss before taxation of £84,985 for

the 28 weeks to July 9 1988, against £102,286.

The group ended its financial

year on December 26 1987 with

CASPEN Oil, formerly Bryson Oil & Gas, has recorded a £3.03m loss for the seven

£1.26m to £1.3m, while earnings

Futura loss reduced

FUTURA Holdings, the Cheshire-based footwear manufacturer which was recently a pre-tax profit of £450,952 from sales totalling £5.98m.

Sales in the period amounted

Caspen £3m in the red

takeover in 1986. British Benzol incurred a £753,000 loss last year and it was sold for £2.1m. The company's name was changed to Powerscreen in

is making and selling machines which screen (sepa-rate) sand and gravel by size and which crush hard rock. It sells all over the world. "We are market leaders in North America, and have recently appointed new dealers in France, Germany, Finland, Spain and Italy, leaving us well placed for 1992," said Mr Dou-

About 55 per cent of Powerscreen's turnover comes from North America and the com-pany is poised to announce the

Wm Cook recovers to £1.83m

acquisition of the Weir Group's

steel foundries business, was now re-established. In the first

half 1987, profits had plum-meted to £220,000.

Mr Cook said he was uncon-

cerned about the 6 per cent stake in the company held by Australian National Industries,

which last week launched a

£138.1m cash bid for engineer-

ing concern Aurora.
"I don't think we're their cup

to £1.76m (£1.69m) while tax

took £29,745 (£35,800). The interim dividend is held

at 2.5p. Shareholders received a

special interim dividend of 7.5p on October 17 arising from the

agreed offer for the group by Mr Oates.

of 0.7p last time were converted into losses of 12.7p this.

value of listed investments.

purchase, for under \$10m, of a major US based manufacturer of equipment for the solid waste recycling industry. "The advantage is that this will give us a US manufacturing base, providing a buffer against cur-rency fluctuations," said Mr

An extraordinary debit of £778,000 was the result ofre-dundancies at the Belleck pottery business and Benzol sale

The tax charge was £1.22m (£762,000). An interim dividend of 1.2p (1p) is declared.

O COMMENT

The City marked Power-screen's shares up by 8p yester-day to close at 90p, plainly

of tea, as an acquisition tar-get," he said. "They just saw us as a good investment oppor-

tunity when our shares were worth less than £1, and obvi-ously they were dead right."

William Cook Steel Castings,

the original William Cook business, and Holbrook Precision

Castings benefited from

stricter management control

and produced results ahead of budget. Catton was described

as improving.
Hi-Tec Integrity Castings

completed its move to new

premises at Penistone, South

Yorkshire. It is expected to begin to generate profits next year. But the small fabrica-tions business, Atlas, contin-

ALL divisions in the Appleby

Westward Group performed

satisfactorily in the 28 weeks

per cent advance in pre-tax

Main business of this West

Country based group is the

ued to lose money.

happy that the blip down was necessary to clear the way for growth ahead. Powerscr in the business of re-establishin the business of re-establishing credibility, and getting rid of Benzol has certainly helped. Its core activities are growth businesses — the building of roads, large scale demolition, and recycling - and order books are strong, running at six months Expansion at its Dun-

are strong, running at six months. Expansion at its Dungamon factory will boost manufacturing capacity to 400,000 sq ft. Wider worldwide markets are changing the seasonal balance and the profit split hence forth will be much more even. Analysts are looking for £11.5m ure-tax profits for the full year. pre-tax profits for the full year, producing a prospective ple just under 7.5, cheap with net profit margins at 30 per cent.

King & Shaxson

King & Shaxson Holdings, banking group, said it had made satisfactory profits in the half-year to October 31, even though they were lower than for the corresponding period.

They were struck in six months during which base rates fell from 8 to 7½ per cent and then rose in eight movements to 12 per cent. Those conditions had made for difficult markets, said K&S, but all cult markets, said K&S, but all subsidiaries had traded profit-ably. The interim dividend is maintained at 2.5p.

Amber Ind advances

Pre-tax profits rose 28 per cent from £553,000 to £706,000 at Amber Industrial Holdings in the six months to September 30. Turnover increased 11 per cent from £4.91m to £5.43m.

The directors are raising the Earnings per share rose from 2p to 13.12p. An interim divi-dend of 2.75p (2.25p) is

The profits were struck on turnover of £26.03m (20.02m).

interim dividend by 0.5p to 3.75p on earnings per 10p share up 23 per cent to 16.4p (13.3p).

Appleby expands 55% wholesale distribution of groceries. Record volumes were handled in the peak July and ended September 9 1988, and that led to a 36 per cent increase in turnover and a 55

August months. Overall turnover in the half came to £26.6m (£19.6m), and pre-tax profit to £803,000 (2517,000). From earnings of 9.2p (6.6p) the interim dividend is raised to 2p (1.6p).

Bellway advances 80% to top £14m

By Andrew Taylor, Construction Correspondent

yesterday to become the latest housebuilder to announce a large increase in pre-tax profits — following the big increases announced last week by Charles Church and Prowting.

Bellway's pre-tax profits in the year to end-July rose by 80 per cent to £14.05m — compared with £7.7m in the previous 12 months.

ous 12 months.

The latest results encompass the best period for new house sales since the 1973 building Bellway, which is based in north-east England and also

builds in the south-east, increased its turnover from 284.3m to 2102.5m. Earnings per share rose by 68 per cent to

35p.
The big question is, where do housebuilders go from here? House prices in London, the south-east and East Anglia appear to have stopped rising and builders in these regions have recently been offering mortgage subsidies and part exchange deals in a bid to maintain sales.

Sales and reservations in the south-east however have recov-

Provided to become the latest housebuilder to announce a large increase in pre-tax profits render. Sales also remain strong in other regions, although house price increases are now slowing in many areas, according to the Halifax Building Society.

The real test of what effect higher mortgage rates will have on house sales will come after Christmas, when the main buying season gets under

Mr Kenneth Bell Bellway's chairman said yesterday that the pessimism about house The current sales position is well ahead of last year, par-

ticularly in the north where margins are improving," he We continue to be very confident for the future based upon the wide geographical spread of our activities, the range and appeal of our prod-ucts and the broadening of the

group's base."
He said the board would be recommending a final dividend of 7p which would make a total payment this year of 10p, a 25 per cent increase over last

Housebuilding and rents take Gleeson to £10m

By Andrew Taylor, Construction Correspondent

SHARES of M.J. Glesson, civil trading profits of 27.23m. engineer, housebuilder and The group's net assets property group, rose by 50p to 600p yesterday on the back of better than expected annual results and a property revalua-

Pre-tax profits rose by 54 per cent from £6.49m to £10m in the year to the end of June. Turnover increased by 18 per cent from £92m to £109m.

The main engine's for growth were higher sales and profits from housebuilding and a sharp increase in rental income from property. Rents increased by 2573,000 to £2.33m. This reflected new developments coming on stream as well as rent reviews at existing

properties.

Housebuilding, mostly in south-east England, accounted for about 20 per cent of turn-over and just under half of

increased by 43 per cent to \$56.57m following a revaluation of the property portfolio said Mr Dermot Glesson, chief executive. The bulk of the properties are offices mainly in south-east England. Mr Gleeson expected profits to increase more slowly in the

current year, with further strong growth from housing and increases expected from contracting where orders remained strong.

The property side was likely to have a quieter year, with the next major development not

due to come fully on stream until 1989/90. Earnings per share increased

from 54.3p to 70.6p. The board is recommending a final dividend of 6p, up 25 per cent, for a total of 8.14p (6.86p).

An exceptional debit of £2.38m (£610,000 credit) reflected a write-down of months to July 31 1988, against a £760,111 profit previously. The comparisons have been £3.45m of the book value of oil restated to reflect the change in accounting periods. Turn-over in the half rose from and gas properties and provi-sion for the diminution of the

RESULTS FOR THE SIX MONTHS

ELECTROCOMPONENTS PLC

ENDING 30 SEPTEMBER 1988

Sales up 31.1% to £176.9 million

Operating profit up. 18.5% to £23.1 million

Pre-tax profit up 11.7% to £22.9 million

Earnings per share up 12.1% to 7.20p

Interim dividend up 15.7% to 1.47p per shake

"Market conditions continue to be generally positive and we look forward to another successful -- year for the Group"



electrocomponents pic

21 Knightsbridge London SWIX 7LY Telephone 01-245 1277

Clydesdale at £30m for nine months

Scottish clearer which National Australia Bank acquired last year from the Midland, yesterday reported pre-tax profits of £29.78m for the nine months to September

The result is not directly comparable with past figures since it covers a nine month period to bring Clydesdale's reporting into line with its parent. The 1987 profit of £21m covered a full year and was after deducting £14m as an

ton, chief executive, said that on an annualised basis the result significantly exceeded profits for any previous period.

Mr Barry Hefron, NAB's London representative and a Clydssdale director, claimed the bank was regaining market share in Scotland after years of dealing.

decline.
Staff costs rose by 9.8 per cent and other costs by 26.4 per cent. More than half of the latter was attributed to first-time expenditure, caused by items

ing unit. Trading profits for the period were £42.8m (£56.5m for the full year 1987) from which £12,7m were deducted for bad and doubtful debts (£21.7m). The bank is paying a divi-

dend of £3.4m to NAB out of post-tax profits amounting to £18.7m. Its reserves increased to £54.48m at end-September against £39.2m at December 31 1987. Net interest income rose by 9.9 per cent over the period.
Mr Cole-Hamilton said the
bank was undergoing restructuring to make it more responClydesdale and NAB executives was studying ways of expanding operations in England, where Clydesdale is represented only in London and Cumberland, having been prevented in the past from expanding because of its ties with the Midland.

Mr Hefron said the bank would eventually like to acquire a medium-sized English building society as a vehicle for expansion. It expected to do so after the new shape of the building society industry became clearer in the next 18 months.

November 1988

Meggitt Holdings Plc

has acquired

KDG Holdings Limited

The undersigned initiated this transaction, acted as financial advisor to Meggitt Holdings Pic and assisted in the negotiations,

Salomon Brothers International Limited

UK COMPANY NEWS

the retail sector into which the group is expanding lacks lus-tre. Misco, the computer sup-plies operation, is a more cer-

tain City-pleaser, and analysts are still confident about the core business. First-half

growth at RS was apparently the best for three years, indic-ating a leap of at least 15 or 16 per cent against the equivalent

period. The traditional winter bulge in sales on the retail side

Electrocomponents near to £23m at midway stage

EMBER II IM

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FOR THE half year to September 30, Electrocomponents, the distributor of electrical goods and cal and electronic components, announced a 12 per cent interim dividend is 1.47p increase in pre-tax profits from (1.27p).

Mr Chubb said he was particular to with small electrical goods and light fittings.

Ironically, the sensible move away from dependence on component distribution may hold back the price, at least while the retail sector into which the group is expanding lacks lustre. Misco, the computer sup-

Sales rose by 31 per cent to £177m (£135m). Mr Tony-Chubb, chairman, said the slight reduction in operating margins was due to the increasing importance of the retail operation, profits from which were weighted towards the second half, while overheads were spread equally through the year.

through the year. He said two acquisitions last year had led to substantial increases in sales at the retail companies, which supply high street and do-it-yourself stores

(1.27p).

Mr Chubb said he was particularly pleased with the performance of RS Components, the component distribution and which accounts for between 70 and 80 per cent of group business. It showed greater sales and profits growth, despite the

• COMMENT

postal strike in September.

Electrocomponents' shares, up 2p to 199p yesterday, habitu-ally trade at a premium to the sector, reflecting the market's long-standing perception of the group as a quality investment.

Tootal expands US specialist interests

By Alice Rawsthorn

TOOTAL, one of the largest UK textile groups, is expanding its international specialised textile interests through the acquisition of Fibertaxis, a US manufacturer of filtration

products, for \$9m (25m).

The acquisition is intended to strengthen Lantor International, the specialised textile concern which Tootal took full control of earlier this year. Lantor, a leading player in the world non-wovens industry, was established in the late 1950s as a joint venture between Tootal and West Point-Pepperell, the US textile

should push pre-tax profits over 255m for the full year, putting the shares, which may Mr Geoffrey Maddrell, Too-tal's chief executive, said that since it had secured control, have slightly further to rise, on a prospective multiple of about 11.5 – worth holding. Lantor had been able to "open up" the US market.

Tootal has already acted to strengthen Lantor's US distri-bution network. The acquisition of Fibertaxis provides a production plant, in Boston, and an entrée into filtration products. The business has been bought from the JB Group, a privately-owned US industrial textile company.

Mr Maddrell envisages expanding Fibertaxis' plant to accommodate production of some of Lantor's products in the US. He also plans to introduce filtration products outside North America. Fibertaxis'

sales were \$12m last year.
Tootal raised £54m from a rights issue in March. Part of the proceeds were used to reduce borrowings and take control of Lantor. It plans to stage further acquisitions.

Baker Harris purchase

Ithough the group had to con-

tend with a stormy economic

We achieved a replacement

environment in the first three quarters

of this year, BP continued with its

policy of creating value for share-

cost profit for the nine months of

£1133 million, an increase of 24%

on the corresponding period of 1987.

On the historical cost basis, profit

was £938 million. Net stock holding

osses reflected declining oil prices

and a generally weak dollar.

ket. The cash element is £1.62m But Sykes will also receive 828,338 new Baker Harris ordinary shares, valued at 2450 or 5p more than the market price just before the merger announcement.

Baker Harris could pay a further £2.2m dependent on the Sykes profits record to April

markets.

This Notice does not constitute an offer of securities of TSB Hill Samuel Bank Holding Company ple

NOTICE

to the holders of the outstanding U.S.\$100,000,000 Floating Rate Notes Due 2016 (the "Notes")

TSB Hill Samuel Bank Holding Company plc (formerly called Hill Samuel Group Plc) (the "Company")

constituted by a Trust Deed (the "Trust Deed") dated 14th July, 1986 made between the Company and The Law Debenture Trust Corporation p.l.c. (the "Trustee") as trustee for the holders of the Notes (the "Noteholders"). Notice is hereby given to the Notcholders that:

(1) In order to facilitate a corporate reorganisation of the Hill Samuel Group, the Company requested the Trustee to concur in making medifications to the Trust Deed whereby (Inter offu) the existing covenant given by the Company in connection with the maintenance of Hill Samuel Bank, Limited (formerly called Hill Samuel & Co. Limited) ("HSB") as its directly owned subsidiary would be replaced by (i) like covenants in connection with the maintenance of TSB England & Wates ple ("E&W") as a directly owned subsidiary of the Company and of HSB as a directly owned subsidiary of E&W and (ii) a subordinated guarantee in respect of the Notes by TSB Group ple (the "Guarantor");

the Trustee, having been advised by S.G. Warbarg, Akroyd, Rowe & Pitman, Mullens Securities Ltd. that the modifications referred to in (1) above would result in a significant credit enhancement from the point of view of the Notcholders, being of the opinion that such modifications are both proper and not materially prejudicial to the interests of the Notcholders, has concurred in multing such modifications:

(3) such modifications are contained in a First Supplemental Trust Deed dated 31st October, 1988 made between the Company, the Gazzantor and the Trustee.

The Terms and Conditions of the Notes as so modified will be available in the statistical services of fixtel Financial Limited after 18th November, 1988. Any Noteholder who wishes to inspect copies of the Trust Peed or the First Supplemental Trust Deed mentioned above or to obtain a copy of the Terms and Conditions of the Notes as so modified may do so at the specified offices of the Paying Agents listed below:

PRINCIPAL PAYING AGENT

gan Guaranty Trest Company of New York, Morgan House, I Angel Court, London ECTR 7AE.

OTHER PAYING AGENTS

Swiss Bank Corporation Acschenvorstedt I, Bas

Morgan Guaranty Trust Company of New York, Avenue des Arts 35, B-1040 Brussels.

Morgan Guaranty Trust Company of New York, 30 West Broadway, New York, N.Y. 18015.

Dated: 11th November, 1988

TSB HILL SAMUEL BANK HOLDING COMPANY PLC

Bank of Ireland up by 36%

By David Lascelles, Banking Editor

THE BANK of Ireland, one of . the two leading Irish banks, made a profit of I£80.7m (£88.4m) before tax and exceptional item in the six months ending September 30, an increase of 36 per cent. The bank said that the main factors in the advance were higher income from fees, for-

eign exchange, off balance sheet activities and the securi-tisation of mortgages. There was also a reduction in loan

After tax and exceptional items, the bank earned IE35.6m, up from IE32.9m. However taking into account the effect of last May's I£74m

External Trust

External Investment Trust saw net asset value fall to 765.6p at

September 30, compared with

961.8p a year earlier and 826.1p at March 31. Net revenue for

the six months to the end of

September was £891,142, against £942,025. Earnings per

£1 share slipped to 13.49p (14.26p) and the interim divi-dend is lifted to 10p (9p). The

assets fall

rights issue, earnings per share were 14.9p, down from 16.4p. This also reflects the full twoyear IE31m cost of a new competitiveness programme.

The bank declared an interim dividend of 4p, an effective increase of 8.1 per

holders.

BAKER Harris Saunders, the first chartered surveyors to seek a market quotation, is making its third and largest acquisition since listing with an agreed bid for Richard Sykes and Partners of New

It is paying intially \$6.2m (£3.65m) in cash and shares for a practice which specialises in the Manhattan office mar-

quarter, benefiting from lower feed-

stock prices and firmer product

Minerals also continued to perform well due to improved prices in the world metals markets, especially

In an innovative deal, we signed a contract to sell gas directly from

GROUP PROFIT	1988 Nine months	1987 Nine months
u Historical Cost	£938m	£1131m
Replacement Cost	£1133m	£914m

the Miller Field development to the North of Scotland Hydro-Electric Board. Further afield, BP has announced the acquisition of a refinery and chain of retail outlets on the West Coast of the United States, reinforcing our position in the world's biggest market, and raising BP's profile on the Pacific seaboard.

By actively working and investing to make the most of our considerable resources, we are constantly striving to improve the value of the company for the benefit of our share-

British Vita £3.5m purchase

British Vita, manufacturer of polymeric products and sup-plier of polyurethane foam, is acquiring Rossendale Combin-ing (Holdings), which operates in the commission laminating field, primarily for the foot-wear industry. Total consider-ation is £3.5m, to be satisfied by the issue of 1.05m British Vita ordinary and the balance in cash Rossendale is based in Lancashire and has a turnover

directors have forecast a final dividend of 12p to make a total of 22p (20p) for the year. Dukeminster £24.5m buy

investor and trader mainly in the office, retail and industrial sectors, has exchanged contracts for the purchase of the freehold of the Priory shopping centre, at Dartford, Kent, for £24.5m in cash. Vedors are Allied Dunbar

purchase relative to its existing investment portfolio, Duke-minster, which obtained a listing last July, intends to enter into arrangements whereby certain investors will acquire

interests in the property.

Dukeminster intends to retain a significant minority interest in the centre and will be responsible for its manage-

EMC raising £680,000

ELECTRONIC Machine The rights issue comprises company is raising £680,000 1,237,474 shares at 55p each on through a rights issue to a one-for-two basis. finance an acquisition and raise further working capital.

Filtronic Special Systems is McCaughan Dyson Capel Cure

being purchased for a maximum £575,000 cash, of which £300,000 will be paid initially.

except for some 23 per cent being taken up by directors and their families.

H Young £1m placing

H YOUNG Holdings, a financial services and distribution group, is to raise £1m via a placing of 650,000 shares with

investment clients of Rowe and Pitman and Anderson and Co. The group, which distributes automotive products, electronic components, bottled gas and spectacles and sunglasses, will use \$700,000 of the new

money to finance additional warehousing and office accom-

modation at its freehold Hun-gerford site, and the balance to fit out the warehouse at its Colnbrook site.

The additional Hungerford capacity will be used for the expansion of Young Automotive and to accommodate the recently-acquired Kamasa Tools. The Combrook site will be used by Young Optical and Young Gas.

NOTICE OF NOTEHOLDERS OPTIONAL REDEMPTION U.S. \$60,000,000



NOTICE IS HEREBY GIVEN to the Noteholders, Condition 6(f) of the Notes that Noteholders may exemble the noteholders may exempted of the Notes at their principal amount Payment Date being 13th February, 1989.

PRINCIPAL PAYING AGENT: The Chase Manhattan Bank, N.A. Woolgate House Coleman Street

I.G INDEX LTD, 9-11 GROSVENOR GARDENS, LONDON SW1W OBD Tel: 01-828 7233/5699 Reuters Code: IGIN, IGIO

FT 30 FTSE 100 WALL STREET

Nov. 1479/1488 -1 Nov. 1828/1838 +1 Nov. 2110/2122 +2

Dec. 1487/1496 -1 Dec. 1838/1848 +1 Dec. 2115/2127 N/C Prices taken at 5pm and change is from previous close at 9pm



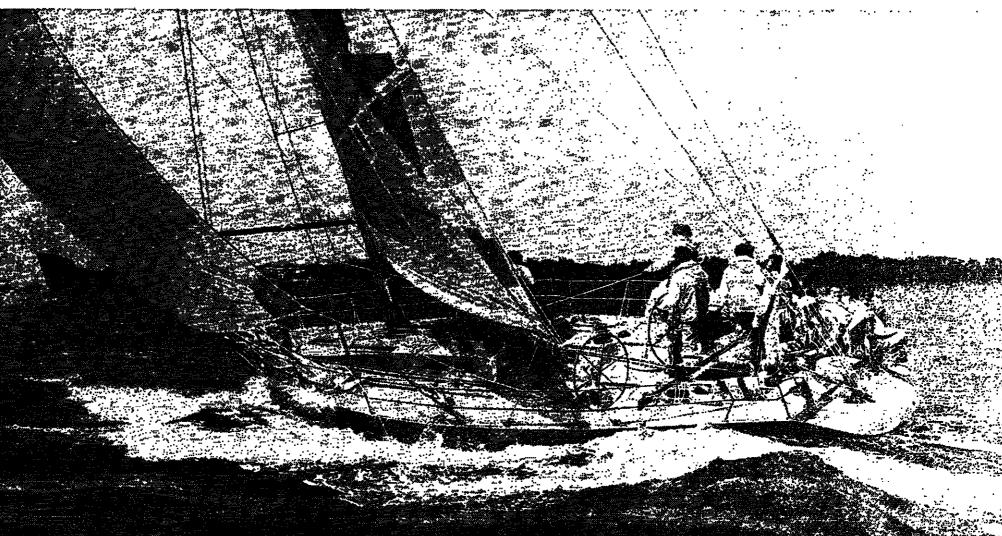
Banco Nacional da México, S.N.C.

To exercise such option the holder must deposit each such Note together with all unmatured Coupons with any of the Paying Agents specified on the Notes at any time between 15th December and 30th December, 1983, Any Note, if so deposited, may not be withdrawn without the prior consent of the Bank.

Repayment of the principal and accrued interest in respect of any such Notes will be made on 13th February, 1989 at the specified offices of each of the Paying Agents with whom such Notes have been deposited whereupon interest

BP ON THE RIGHT TACK.

THIRD QUARTER RESULTS SHOW





Britain at its best.

MANAGEMENT

icardo Semier, 28year-old enfant terri-ble of Sao Paulo industry, is happily sowing the seeds of his own destruction.

Next year, his mechanical engineering company, Semco, will introduce an executive evaluation programme that will allow senior staff, includ-ing its youthful owner, to be voted out of office, should they be found wanting by their

immediate subordinates. As is often the case with Semler's radical business philosophies, it is taking some persuasion to win his col-leagues round to the scheme.

In industrial Sao Paulo, where management methods frequently hark back to the days when Brazil's coffee plantations were worked by slaves, Semler is variously regarded as innovative, brilliant, arrogant, subversive and shockingly dis-

respectful of his peers.
Few dispute, however, that he has so far been remarkably **Successful**

Born to a wealthy Sao Paulo family, the young Semler dis-tinguished himself from his often-spoiled contemporaries largely by his will-power. Twice turned down by Harvard as too young, he won a place by writing angrily to the rector that "wise monarchs had ruled whole countries at the age of

He claims to be the youngest ever to enter the famous Business School.

But it was only five years ago when Semler, then 23, began formulating a far-reaching plan to "democratise" his father's pumps and compressors company, that he added radical ideals to his strongwilled determination.

More complacent family board members, quite satisfied with their office cars and long lunch hours, shook their heads, warned of dire consequences and finally accepted

his offer to buy them out. Today, the leap in Semco's sales from \$4m to \$39m has probably not ingratiated him any further with his relations. It has, however, attracted the interest of major local and multinational companies and turned Semier into a celebrity. His book of business wisdom, Virando a Propria Mesa - roughly translated, Turning

the Tables - has sold 50,000 copies in a couple of months and the English language rights are now being negotiated for a six-figure sum.

At the heart of Semler's

management strategy are the hardly novel causes of profit-sharing, workers' participation place. But what has made his

DATE:

Business philosophy

At odds with a Latin culture

Ivo Dawnay explains why Ricardo Semler is a novelty in Brazilian industry

experiment exceptional is the sheer extent to which he has applied them in a Latin managerial culture where immense emphasis is usually placed on respect for rank and title. "What we have tried to do is

to devolve responsibility throughout the company so that managers take on a kind of consultancy role to the

workforce," Semler says. In practical terms, this has involved a major rethinking of decision-making processes, allowing ideas to percolate from the bottom upwards. First, Semler set a ceiling of a total of 100 workers and managers at any one factory, breaking up any plant that exceeded this figure into smaller units.

Decision-making autonomy was then established at each factory over products and production targets with continu-ous consultation on objectives, first with the workforce and, only afterwards, with senior board level management.

Second, the company abolished all titles and created just three levels above shopfloor worker. The first of these, "coordinators", which combine former foremen and workplace managers, report to the "partner" – in effect the chief executive officer of the factory.

The partner's responsibilities run from product planning to researching and developing new markets, all in consultation with his staff. Only after a strategy has been agreed does be then report to the last tier of management - five counsellors who in effect represent the day-to-day executive board.

At regular planning meetings the eight partners in charge of Semco's eight plants must hammer out investment priorities, with a majority deciding the outcome.

But this simplified structure fails to convey the sheer scale of the shopfloor consultation involved. To boost team effort, Semco pays workers a remarkable 15 per cent of the pre-tax profit of their factory on top of

their regular salary.
From there on, all decisions require collective agreement, with workers themselves evaluating management-supplied data on such issues as markets, input costs, delivery dates and the likely profitability of



Ricardo Semier with employees who now have worker democracy and profit sharing

to abandon what used to be a

control any more," says Cil-iento, who had worked under

actually a lot more work for

a board; now I have to explain

What concrete evidence of

productivity improvements can

Semon show.

Back at head office, Semler says that the only true mea-

sure comes from overall perfor

mance. It was a surge in out-put that helped the company

survive some early mistakes

with acquisitions, a fierce

recession and borrowings that

at one time represented 11

months' sales when real inter-

est rates were 41 per cent above Brazil's notorious,

rip-roaring inflation

'We just don't have quality

ity control.

in the results."

contracts.

Laura Leme, one of Semco's few head office staff, explains the initial culture shock when the system was introduced. "There was resistance from both above and below," she remembers. "Brazilian society is extremely authoritarian. People at the bottom didn't want the responsibility, and many managers just couldn't get used to having their orders challenged. From October 1985 to January 1987 a third of the management left; then relations improved."

At Semco's new naval equipment plant - the location of which was chosen by the workforce - Demerval Matos and Oseas Santos, two former union militants now elected factory committee members,

confirm the slow start.
"We had worked under the whip and we started off being extremely suspicious - but then contacts with management became more like colleague to colleague," Santos

With the opening of the new factory, workers have themselves decided everything from the configuration of machinery to the colour of factory walls. But while all this sounds attractively democratic, what has been the real impact in terms of output and profitability? According to Ricardo Ciliento, the "partner" of the plant, the system has revolutionised productivity and

results despite the voting out of time-clocks and the decision heavily policed system of qualthe old system. "It simply isn't needed. But the new regime is me. It's easy to put a notice on endorse or reject supervisors' employment decisions. why we are doing things and justify it, or maybe change my mind. The satisfaction comes

their immediate subordinates

Safeguards are built in to protect Semco's unique corpofrom Semler himself, though they are introduced only after

"When we started growing we thought we wanted scale," he remembers. "Now we are not concerned with it; instead we want quality of organisa-

Recruitment remains a particular problem as Semco is anxious to look not only for those who will fit the company's culture but also those who will question and challenge the management. The workforce is naturally hostile to taking on new staff as this dilutes profit shares, but when consulted as to whether it wished to vet candidates it decided against retaining, however, the right to

At the senior level, executives are required to set and then justify their own salaries ed on market data and personal performance - the latter to be regularly evaluated by

rate culture. When vacancies arise, for example, staff members deemed to meet 70 per cent of the job description are automatically preferred over outsiders who meet 90 per cent. Many of these ideas stem

general agreement. "I think more than half of them are thrown out," Leme says.

The company's development is being closely monitored by an advisory board, on which sit several of the most venerable grandees of Sao Paulo business. Some, like Jose Mindlin of the mechanical engineers. Metal Leve, are impressed. Others, like Carlos Villares of the eponymous steelmaker, are the eponymous steelmaker, are sceptical, helieving that the shine will soon rub off Semco's achievement after time has worn down the idealism.

Some ideas are already having an impact on nearby plants. Brastemp, the vast consumer durables and electronics combine, and Rhodia, the Brazilian subsidiary of France's Rhone-Poulenc, are believed to have ready their own experi-ments, closely modelled on Semco's experience.

To what extent however does Semco's success depend on operating a smallish com-pany (just 700 workers) in the relative intimacy of Brazil's highly protected market? Sem-ler points out that all his products face fierce market compe-tition and that many are for

Worker involvement has to be the trend in even the largest industries, including continuous processes like steel or cel-hilose, says Semler, even if the price means losing the econo-mies of scale of large plants. "Treat workers like children or numbers and they'll behave

that way." Still not 29, Semier's current extra-curricula activities include helping the country's foreign ministry wrestle with the US in the latest trade war over pharmaceutical patents. As technical director of the vastly influential Federation of industries of Sao Paulo (Fiesp), he also battles with his local business colleagues whom he has attacked scathingly for lack of competitiveness or

He is interested in politics, but hints only half-jokingly that any job less than Presi-dent of the Republic would probably bore him.
In the meantime, he intends

to expand Semco systemati-cally to up to 50 units and beyond — or until such time as he is democratically voted out of the company's leadership in one of the job-performance reviews he is now introducing. A radical "wunderkind" per-haps, but Semler is not so dem-ocratic as to lose touch entirely

with his patriarchal Brazilian roots. Chief executive or not, no amount of company democracy could deprive him of his Business schools

Winners and others By Michael Skapinker

hich is Europe's best business school? Insead, the international school at Fontainebleau, according to a poll of 200

senior European executives.
Insead was named by 70 per
cent of the executives surveyed by The Economist Publications. The second most highly regarded school was the International Management Institute in Geneva. Fifteen per cent of those questioned said they thought IMI was Europe's best school.

London Business School

received the votes of only 5 per cent of those questioned. This might have had something to do with the fact that no British executives were asked to participate in this section of the survey.

They were asked to take part in other parts of the survey, which is published as part

of a new Economist guide to British and European business schools.*

The 200 British executives questioned, along with their continental colleagues, were not overly impressed with the quality of business school courses on offer. Only 20 per cent of the executives surcent of the executives surveyed had Master of Business Administration degrees them-selves, but most appeared happy to express an opinion on the qualities of the business school graduates they had

Asked how they rated the education which business school graduates received, only 5 per cent of the British executives and 3 per cent of the continentals thought it was excellent.

A large majority - 79 per cent of the British and 71 per cent of the continentals - said they thought it was "pretty good". Having a Master of Business

Administration degree seems to be more of an advantage to managers in continental companies than in British ones. Only 6.5 per cent of the British executives said that it was very important, in their own companies, for managers to have an MBA if they wanted to get ahead. In continental companies, the figure was 23 per

On the other hand, 46.4 per cent of the British executives thought it made sense for MBAs to receive higher sala-ties than other managers with a similar level of experience, compared with 43.5 per cent who thought it did not make seese. Of the continental executives, only 30 per cent thought MBAs should get higher salaries. Over two-thirds thought they should

not.

The view that MBAs are abrasive and overbearing did not get much support, particularly in Britain. Only 8.5 per cent of the British executives agreed with this characterisation of MBAs, compared with 71.5 per cent who did not. Five per cent of the continental executives thought that MBAs were arrogant, compared with 50 per cent who thought the opposite.

pposite. Whatever their reservations, 80 per cent of the British executives and 86 per cent of the continentals said they would advise their sons and daughters to do an MBA if they intended to go into business.

The remainder of the Economist publication is a guide to

the MBA degree, simed at companies and prospective students. It is a workmanlike guide to the types of courses on offer. The emphasis is pri-marily British, however, and most of the publication is likely to be of limited interest on the continent.

It does, however, provide profiles of British business schools, continental schools with an international outlook and six of the leading American schools – awarding stars for reputation and innovation. Three British schools -

Ashridge, Strathclyde and Warwick – are given the maximum of three stars for both reputation and innevation. Insead and IMI are also given three stars in each category.

The detailed assessments of the different schools are of

the different schools are of mixed quality. Prospective stu-dents will find the evaluation of Warwick useful. But they would probably want to know more about Sheffleld University than that it is situated in an industrial centre in South Yorkshire with good cultural facilities and opportunities for walking and climbing. *MBA: The Best Business

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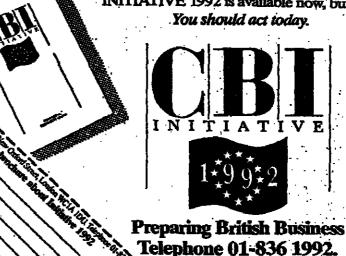


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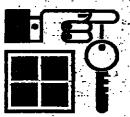
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international on

is not wholly a caricature Bridging the finance gap has

FINANCIAL TIMES



Though growth in the number of UK parks has slowed, existing... ones are having

marked success in

attracting tenants. At home and abroad, start-up companies still predominate, but industrial giants are starting to take the concept

seriously. Clive Cookson reports

On a strong upward curve

ANYONE DRIVING around the UK is now almost bound to come across the characteristic come across the characteristic signs of a science park a nameboard on which the word "Technology" features prominently, leading into a closely mown landscape of rolling hillocks, lakes, instant trees and fashionably "hi tee" buildings with post-modernist flourishes.

But the signs may deceive. According to purists in the science park movement, many so-called science and technology parks are merely upmarket husiness developments trying to take advantage of the sucsful associations of the real

The purity tests set by the UK Science Park Association UKSPA) require a science park to have formal and oper-ational links with a ... higher education institution or major centre of research", be "designed to encourage the formation and growth of know-ledge based businesses" and have "a management function which is actively engaged in the transfer of technology and business skills to the organisa-tions on either

tions on site".

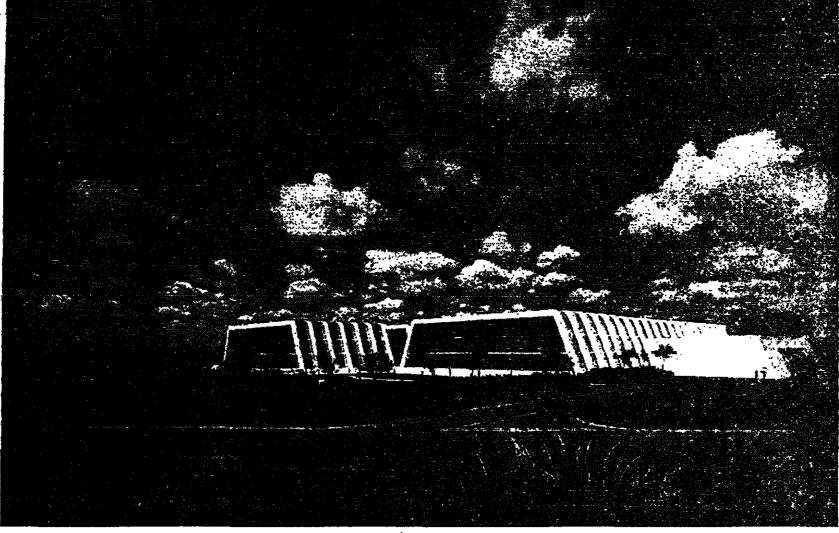
There is now doubt, however, that science parks — both the genuine ones and the com-mercial imitations — are one of the fastest growing sectors of a buoyant property market. The first two. UK parks, at Heriot-Watt (Edinburgh), and Cambridge, were started in 1972. There was then an inter-

building got under way. Britain had 16 parks in busi-ness by the end of 1984 and 26 by 1986. According to UKSPA, 38 true science parks are now in operation, with at least nine

more being planned. There are no accurate fig-ures for the number of busi-ness parks which do not fit the strict UKSPA criteria but market themselves as a location for high technology companies. They probably outnumber the true science parks and are growing at least as fast.

Although the rate at which new parks are opening is beginning to slow down slightly, the performance of existing parks in attracting new tenant companies has been particularly impressive over the last year. Many parks which still had plenty of empty space a year ago are now full. London's South Bank Technopark, which receives 30 to 40 enquiries per week from potenfial tenants, no longer even tries to maintain a waiting list; "we reckon that we have 50 applicants for every place," says Mr. Jeffe Jeffers, the man-

Parks with room to expand are adding new buildings to meet the demand. The 38 oper-ational science parks have a total of 2.8m sq ft already built and are providing space for about 740 companies. A further 1.3m sq ft are under construc-tion: Mr Arthur Rimmer, man-1972. There was then an interaction ager of Merseyside Innovation val of ten years before the Centre and chairman of main wave of science park UKSPA, predicts that the parks



Science Parks

will have 1.000 tenants (with more than 10,000 staff) by the end of 1989. "We're still a long way from any limit to growth," Mr Rimmer says. "We're on a very strong upward curve and we see no sign that we're reaching a plateau."

The idea of the science park originated in the US and the three most successful examples

in the world are American: Stanford Research Park in Cal-ifornia (the heart of Silicon Valley), Route 128 in Massachusetts, and Research Trian-gle in North Carolina. But even the US had no more than a dozen true science parks before 1960, according to Mr Ian Dalton who runs Heriot-Watt Research Park and is an expert on the American scene. There are now almost 150 US science parks. This great expansion has occurred without guidance from any central body like UKSPA.

In Europe, the EC is trying to encourage the development of science parks and their tenant companies through programmes and organisations such as Sprint, TII (Technology, Innovation, Information) and the European Business

But many science park managers believe that some of the EC's efforts are wasted because there is needless duplication of effort through overlapping

France has Europe's grandest vision of what a science park should be. Local authorities, particularly in the South-East of France, are developing large-scale technology parks which have more in common with, say, Research Triangle Park in the US than with Cambridge Science Park in England. The largest French park, Sophia Antipolis near Nice, has 200 small companies and 160 large corporations employing 7,000 people - almost as many as all the UKSPA parks in Britain put together. But Sophia Antipolis does not help its smaller ten-ants with technology transfer and business skills to the extent that would be expected of a UK science park, nor does it have very close links with

the University of Nice. West Germany has a strong science park movement, guided by the Arbeitsgemeinschaft Deutscher Technologie-und-Gründerzentren (ADT). Several parks have also been established in Italy, Belgium and the Netherlands. Outside the EC, Sweden has recently had notable success in establishing

science parks.

The first survey of science parks in the Asia Pacific Region has just been com-pleted by Mr Barry Orr. director of Technology Park Adelaide in South Australia. It shows that eight countries (Australia, Japan, Korea, Malaysia, New Zealand, Singapore, Taiwan and the People's Republic of China) have about 30 parks, all but two of them set up since 1984.

Of course there are considerable national differences between the types of science park in the region. Some of those in Australia and New Zealand are close to the UK model - small parks linked to universities or research institutions and housing a reasonable number of science-based start-up companies.

But the survey also shows that a new type of concept is emerging in Australia: the "technology precinct". This is a long-term planning approach in which a geographic area is signated as a technology precinct, usually close to a univer-

Various government policies. including planning regulations and financial incentives, are then applied to attract a particular category of high technol-ogy industry to the precinct. This approach may or may not include the development of a specialised science park infrastructure. The state government of Victoria is considering a plan to set up six technology precincts and Western Austra-

lia is also exploring the con-

At the other extreme are the "science towns" typical of China and Korea. These are huge up-market industrial estates, sometimes covering thousands of acres, which usually specialise in computer and electronics research and manufacturing. In Japan the preferred model is the "technopolis", a large-scale has decided to seek up to £20m development combining industrial and academic research

and development but lacking the small start-up companies typical of an Anglo-American science park.

Some critics of UK science parks say that their prosperity depends too much on the growth of start-up companies
- or putting it another way, that large British companies in high technology industries such as pharmaceuticals and computers have shown less interest in science parks than their counterparts overseas. Recently, however, there have been encouraging signs that some UK industrial giants are taking science parks seriously.

The most remarkable science park to have opened in the UK this year is Belasis Hall Technology Park, next to ICI's huge chemicals complex at Bil-lingham on Teesside, it is the first park recognised by UKSPA which has links with an industrial research centre rather than a university or other institution of higher edu-cation. Belasis tenants can plug into those facilities, services and resources that ICI uses to run its own business", says Mr George Hunter, the park's chief executive. These resources include computers. engineering skills, analytical laboratories and patent agents.

Many science parks have a gestation period of a year or two before they attract many tenants, but Belasis has proved an instant success. The first phase of 50,000 sq ft, opened in April, is already almost full with 40 tenants; construction of a second phase (55,000 sq ft) is due to begin at the end of this year, and a third phase (90,000 sq fit) is being planned. Estates paid for phases one and two but Mr Hunter says phase three will be financed privately.

Belasis could be the first of several science parks based on non-academic research centres. Mr Rimmer, the UKSPA chairman, says that two or three other organisations have started discussions with UKSPA about setting up science parks, including at least one major UK government research laboratory.

Another important development for the UK science parks movement is the shift of emphasis from public to pri-vate funding. Most parks so far have been financed by public bodies such as the Scottish and Welsh Development Agencies, English Estates and local authorities, in partnership with educational institutions. But the changing political and financial climate means that the next wave of expansion will have to be privately funded. Aston Science Park is a good example. All its development funding so far has come from Birmingham City Council (with some help from government grants) but the park's management company from a bank for future expan-

FINANCE

Anger at risk capital gap

enough money to set it rolling as a business is not a quick, easy process at the best of times. Few venture capitalists, though, consider backing highly technical ideas – espe-cially those had by academics - to be anywhere near the

The result is that only 3 percent of Britain's 700 or so science park companies currently manage to find venture capital funds as their primary source of start-up finance, even though 45 per cent of them though 45 per cent of them seek it, according to a survey last year by accountants Peat Marwick Mitchell. About 55 per cent, used personal savings to start up while 17 per cent relied on High Street banks.

This venture capital gap, between business proposals and willing investors, is of particular concern to the science

ticular concern to the science park movement. Companies need this sort of finance, it is argued, because there are few other sources available. While bankers are often happy to offer an overdraft to new hightechnology businesses, the sug-gestion that they should pro-vide seed capital for such high-risk companies tends to leave them reaching for the

Mr Richard Porter, the Peat Marwick Mitchell partner who led the firm's science park sur-vey, says he found "vitriolic" feeling among companies about the lack of interest which venture capital groups take in the sector. "Many felt that 'venture' capital is a bit of a misnomer," he says.

Risk financiers, for their part, say that while business plans for nascent science park companies usually take as much time and care to assess as any others, such groups need smaller start-up sums and thus will, at first, offer smaller absolute returns. Furthermore, companies

spawned from academe often require the venturing capitalist to make a larger, more costly investment in managerial and marketing expertise early on. The picture of the boffin with a bright idea but no commercial ken, many investors confirm, ority by many science park managements. But there is litconsensus on how best to

build the bridges.

The sole nationwide initiative to date is a venture capital fund specialising in science parks launched in February by ogy Trust (Hatt), a publicly quoted investment group specialising in high-technology

The fund, Hatt Science Park Investments, is operated in conjunction with the UK Science Park Association and has already committed most of the film set aside for its first year on five projects. The most recent of these was a £180,000 equity investment in a sm laser company on the Hull

Mr Alexander Anton of Hatt says the group tends to make a straight equity investment in companies, taking an interest of between 20 and 30 per cent and placing a non-executive director on the board. This is a familiar formula for science park companies. Most investors prefer to make equity investments, sometimes through preference shares with a performance ratchet, consid-ering that loan repayments put too great a burden on young

Hatt's interest in science parks developed out of its established expertise in hightechnology investment. The main fund holds a portfolio of investments worth £35m in 30

igh-tech groups. Hatt also benefits from its co-operation with UKSPA. Having sought to develop a rela-tionship with all park managements, the group solicits from them recommendations of potential investments. By the time a company comes to Hatt's attention its business plan will already have been vetted by a science park man-ager. "We look at science parks to get better quality deals," says Mr Anton. "It's cheaper and we get a better quality of

investments to science park-tenants will strike budding

COMPANY_

But the fact that Hatt limits

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Property lessons still to be learned

in 1980.

university and polytechnic has to have one," says Andrew King of Applied Property Research, the leading databa and consultancy group. "But there are still a lot of lessons to learn in science park develop-

The first is that property developers and academic land-owners do not make ideal bedfellows. Universities may conceive a modest, or a major scheme but they will want more than money out of it.
Developers probably want
well-located, high-quality, perhaps somewhat specialist business parks. Their job, after all, is to get the best rent and maximise land values.

Some developers use science parks as a more acceptable label, or as a compromise to get planning permission under a restricted brief from a difficult local authority. Mr King points out that although there are some 53 so-called science parks in the UK, only 32 would

development sites

opposite the University

> special R&D units

And do those, the majority, qualify as really commercial property developments? Not all of them, certainly, says James Donald, the partner of agents Strutt & Parker who is particu-larly identified with the business park boom.

Most science parks, he says, have been started by universities wanting to bolster their income rather than to enter property development for its own sake. "Most of them are not in the best location," be says. "Occupiers want to inter-act with a university but they also want to attract staff, and some science park locations are well away from centres of

He reckons that Cambridge, Surrey and Warwick come out top of the list if property crite-ria are applied, with Chilworth in Southampton leading the next division. S & P have acted consultants and letting agents for the Surrey Research Park, which started as a gleam in a

couple of academic eyes -

method of central resource dis-tribution to the universities. In fact, Surrey restricted itself more severely than the average science park, which tends to accept certain light industrial tenancies. Although it is a member of the UK Scithat if the classifications were restricted to research parks

tion with research and develop-

ment scientists and engineers

based within industry;

research, development and technical excellence linked

with a major British technolog-

ical university;
☐ It would create "some" inde-

pendent income for the univer-

sity so that it might continue

to develop its own research, technical and educational base

without some of the con-straints imposed by the

there would only be two of them, its own and that of Herithose of the Vice Chancellor, Dr Anthony Kelly, and the University Secretary, Leonard Kall ot-Watt, the latter to the west of Edinburgh.

Three major objectives for the 70 acre park were defined from the beginning.

It would extend further what This mattered to the development. Surrey got a planning permission restricted to research and then thought of the university described as its "already substantial" interacgoing on with a developer, or an institutional investor as a partner," says Mr Donald. "It decided against that in the end Universities want because it didn't want either a developer of an investor telling more than money it what to do. It found interaction between users and the out of a scheme university more attractive

> The park was anchored when BOC's chemical and prowhen BUC's chemical and pro-cess engineering side came to take 120,000 sq ft in 1984. Then Chancellor Court, 39,000 sq ft in five buildings, was all let before practical completion. Other phases followed, including a second major building for BOC Cryoplants, and the university is currently building another 80,000 sq ft in five buildings which, says Dr Mal-colm Parry, its marketing and liaison director, will take its rent roll up from about £lm a year to £1½m.

than a property-driven part-

This is only part of the return. Surrey sold some II acres of the site to BOC for £4m and used the money to fund its ownadjacent developments although, says Dr Parry, the biggest building it has built so far, on a speculative basis, has been 14,000 sq ft. BOC, inci-

£17m on the two buildings, which came to 120,000 sq ft and 60,000 sq ft each.

There are returns outside the property sphere, as well. Surrey is now getting what it describes as "research income" of some £200,000 a year from the companies on the park. This comes from contracts for the use of university facilities and, as marginal income, must be like icing on the cake.

It is also getting the interac-

tion it wanted at the beginning. Of the 41 companies on the park, says Dr Parry, eight come from the university and every one of the other 38 has some contact, whether it be through use of university facil-ities, of staff as consultants, or even in joint ventures.

The latest phase is starting with three buildings, of 14,500, 15,000 and 13,000 sq ft, and will go on to two more of 20,000 and 12,500 respectively. That will leave 33 acres of the original 70 available for development, says Dr Parry.
In the end, the park seems to

match up to most development criteria. It started of with rents of about £9 a sq ft, and it has risen to £16. "We'd have got more rent for a business park there," says Mr Donald, "but for that business park we would have to have had unrestricted use".

This actually made life a bit easier in some ways. The Guildford business unit market



The BOC Priestley Centre, Surrey Research Park

is into high-priced luxuries like air-conditioning, which the earchers did not need. Surrey also eschewed raised floors, partly because lots of its tenants used liquids and the under-floor electrical wiring does not like a lot of those.

"I don't think Surrey would have been any more successful as a research park if a commercial developer had done it alone, or with the university, maintains Mr Donald, "although, I suppose, the build-ing might have been quick-

er."A university doesn't need a developer if it is in a good loca-tion, and well advised," he concludes. "If it's in a bad location, the developer won't want to go there in the first place."

William Cochrane

On an upward curve

Continued from page 1

entrepreneurs outside the parksystem and seeking start-up capital as depressingly Catch-22. Indeed, Mr Anton acknowledges that Hatt tends to provide start-up finance only to those with a proven business record, and that much depends on the efforts of science park managers to spot and promote investment opportunities.

The amount of help park managements are willing or able to provide varies greatly. Liverpool and Warwick, for instance, are acknowledged to be adept at broking between entrepreneurs and sources of venture or local authority

include a built-in venture canital facility, however, is at Aston. Birmingham Technologies, the company which runs the park, was formed with £1m from each the park's sponsors, Lloyds Bank and Birmingham City Council, and it was given a brief to raise capital for tenants from the outset.

The group is managed by a team of eight people with industrial backgrounds in such companies as Granada, GEC and British Steel and headed by Mr Harry Nicholls, a former Aston professor of business. He has long, and forcefully argued the case for patience and longtermism in planting seed capi Aston has invested around

£1.8m since it opened in 1983. Forty of the park's 52 compa-

nies were start-ups and BT raised capital for 14 in sums ranging from £10,000 to £300,000. Only two companies have failed so far.

looking for an average compound return of 35 per cent, which is often quoted as a norm for high-technology investments, but says he would not expect to realise this on a company for seven or eight years. "My view is that you don't behave uncommercially when you take a longer-term view," he says. "We've got to take a lesson from the Japanese. The Japanese quietly take a 20-year view and industry by industry, they mop us

The experience at Cambridge, Britain's oldest park at work of venture capitalists and

25 per cent of start-ups in the park find their primary funds from venture capital. This, he says, has much to do with the accumulated expertise in assessing high-tech companies which has developed around the Cambridge phenomenon.

cambridge phenomenon.

Cambridge entrepreneurs often start their quest for funds by seeking advice from branches of the big accountants in the city, such as Arthur Young, which specialise in directing high-technology. ogy groups towards finance - a process which also serves to winnow out unbusinesslike proposals before they reach a venture capitalist's desk.

The implication from the The implication from the Cambridge experience is that there is no real venture capital gap which cannot be bridged. Mr Martin puts a gloss on it thus: "You'll always find people claiming that there are isn't enough risk capital about, and it's expersily people who and it's generally people who didn't find it themselves."

Mr Nicholls says BT is

Mark Nicholson

WEST GERMANY

A key contribution to new thinking

SCIENCE PARKS have been rather a belated development in West Germany, surprising perhaps given the country's high level of expenditure on research and development and the relatively strong links between science and business. However since the parks (usually described as technology centres in Germany)

finally did start cropping up in the early 1980's they have grown as fast - if not faster than anywhere else, and there are now said to be 40 to 45 such centres around, the country Almost all are funded by the

by new thinking in regional policy. Before the early 1980s, most states competed with each other to offer the best terms to outside companies to invest in their region. The emphasis then changed to try-ing to stimulate higher levels of innovation and investment from the existing business base – and the Laender development offices attached particu-lar importance to connecting

business and universities.

The public sector roots of German science parks mark one of the main differences with the UK and subsidies in Germany tend to be considera-bly higher. In the Stuttgart centre, for example, companies pay DM6 rent per square metre compared with a market rate of about DM23.

The Laender and Gemeinde

also sometimes provide big investment grants. Private venture capital has been hesi-

park companies but the Federal Technology Ministry has its own less stringent venture capital fund which has helped many companies with start-up

Nevertheless the parks tend to be smaller and more experimental than in the UK, with an average of 10 to 15 usually very small businesses compared with 25 to 30 in the UK. It remains an open question

how successful the German parks have been in stimulating successful new businesses. Mr Alexander Gerybadze, of consultants Arthur D Little in Wiesbaden, says that they have only worked well where there are already strong ties between universities and industry. Several analysts single out

the bigger parks in Baden

Continued on next page



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London, 1 & 2 December, 1988

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SCIENCE PARKS 3

With the rate of growth in the number of new parks slowing down dramatically . . .

US parks begin to seek international links

AFTER A wave of start-ups that virtually doubled the number of US science parks during the middle 1980s, the rate of growth has begun to slow dramatically.

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Arthur Dilate.

At least two major factors have caused the change of cli-mate, believes Mr Chris. Boeticher, executive director of the Association of University Related Research Parks, based

in Tempe, Arizona.

First. 'the market is very narrow so it can only support a limited number of parks. We're getting closer to saturation point with plenty of research

point with plenty of research parks with spare capacity."

Second: park promoters are becoming more aware that the facilities "are very complex environments requiring resources and skills of the higgest universities." Since many institutions with the appropriate capability already support parks, there are relatively few left to serve as new sponsors.

The growth rate had been phenomenally fast because, for phenomenally fast because, for example, universities were seeking ways to capture more industrial funding as other sources became harder to obtain. Of the 115 US parks

operating, 56 were set up after 1984 to turn the sector into a moderately large business.

The leading states are New York with 10 parks, Florida with nine and Michigan with seven. US parks now total some '69,300 acres of which one-third have been developed. one-third have been developed. Thus, there is plenty of scope expand the population of 2,100 companies and 174,000

tation. Examples include U S West, one of the regional telecommunications companies created by the breakup of AT&T, Sematech, a semicon-ductor research joint venture between industry and govern-ment, and the US Navy's Training Systems Center.
This trend has helped parks

broaden from being purely research centres. Some 47.9 per cent of tenants in 105 of the nation's parks were clearly engaged in research and devel-opment, 44.2 per cent in busi-ness services of government, corporate or professional organisations while 7.9 per cent were in manufacturing or other industrial activity, according to a recent survey by the Evanston Inventure and Research park. The organisa-

tion is an economic develop-ment corporation formed by Northwestern University, its home town of Evanston, Illinois, and 10 of the city's top ompanies. The traditional role of sci-

ence parks as incubators of start-up companies offers, how-ever, just as much scope for further park development argues Mr Gordon Carlisle, a vice president of Philadelphia's University City Science Center. Established in 1963, it is the oldest urban research park in the US and is owned by 28 local colleges, universities and academic health centres.

"We're not like industrial parks where marketeers go after existing companies" in a finite population, he says. "We're trying to create companies which didn't exist before."

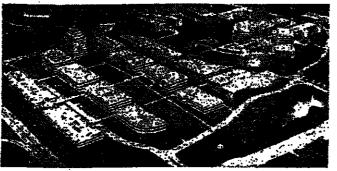
Mr Boaticher believes parks A park can be successful are becoming increasingly anywhere as long as its scale is attractive to corporations or appropriate to the local econgovernment agencies looking omy and its concentration of for places to build new facili-ties with strong research orienget that right and we see lots CAND Camorgan SCIENCE PARK



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nor Junction 35, Bridgend, M4 recolori communication with Sile reighbours include Align-Rite and Action, both from California.





of people in trouble as a result." One problem is the tendency of some promoters to see a park as purely a real estate play rather than as a support organisation offering a full range of services.

The US, originator of the

research park concept with the formation of Stanford University's shortly after the Second World War, still comes close to matching in number all those

tions cope with the accelerating speed and globalisation of research, technology transfer and product development. So far contact between parks has been highly limited and

relatively tenuous though letters of agreement, conven-tions and other mechanisms. The Science Center set up this past spring, however, what it believes it is the first joint ven-

ture with a foreign park.

It has teamed up the Kyoto
Research Park in Japan, a \$600m development by Osaka Gas in one of the country's leading industrial cities. The 23-acre site had been surplus to the local utility's needs. The partners, working through the venture called Sci-

ence Center International. will attempt to help develop, transfer and commercialise, on a reciprocal basis, technological advances by universities and corporations in their home ter-

The Science Center plans to host, for example, three visits a year by groups of Japanese delegates looking for US partners.

and researchers define their interest in Japan, introduce then to between three and six potential partners on an escorted visit there and pro-

vide follow up assistance.

The cost to the US users is limited to only the travel expenses. If a deal results, a fee will be negotiated on a case by case basis.

"We expect to invest between \$150,000 and \$200,000 in the time of our staff before we start realising a return," Dr Weckesser said. Looking fur-ther ahead, the partners hope to start a venture capital fund to help start up high technol-ogy firms among their in the Delaware Valley and Japan.

The Science Center wants to broaden its Japanese link into a fully multilateral network around the world. To that end it has already begun searching for other parties in West Ger-many, Belgium and France with the UK as "a strong possi-bility" for later.

Roderick Oram

A mushroom-like growth

SCIENCE AND technology parks, or "technopoles" as the French like to call them, have been mushrooming throughout the country during the last few years both in old urban areas

years both in old urban areas and in new sunbelt regions. Perhaps the most famous of all French science parks is Sophia Antipolis, the "techno-pole" outside Nice overlooking the Mediterranean and within a short distance of the Nice international airport which has pioneered the science park concept in France.

After a difficult and relatively slow start, Sophia Antipolis, the brainchild of Mr Pierre Laffitte, the former director of the Ecoles des Mines of Paris, one of the most prestigious French higher edu-cation establishments, has turned into an undoubted success story. Some 160 large corporations have settled there, including companies like Dow Chemical and Digital Equipment, among others. The park has also lured 200 small companies, which have developed. nies which have developed profitable niches with the big-

ger groups in the area.

Sophia Antipolis has helped.

Nice and the French Riviera acquire the allure of a high technology economic sunbeit.

The combination of the sumy environment of the South of France coupled with efficient transport infrastructures including, especially, an air-port with good international connections, have been crucial elements in the success and development of Sophia Anti-

This success has stimulated other cities in the South to consider developing their own technoparks. Marseilles, for example, is constructing a sci-ence park just outside the city centre at Chateau-Gombert. The large port city decided to launch itself in the science park field as a way of stimulating new economic and research activities in an area hit by the crisis of many of its traditional industries and a slump in the

Further west, at Montpellier, Mr Georges Freche, the city's mayor, also launched three years ago an ambitious pro-

gramme to develop new technological and research activi-ties by integrating the science park concept into the economic and social tissue of the city itself. Unlike Sophia Antipolis at Nice, Montpellier decided against building a new techno-park on a special site from scratch, but instead decided to promote various new technological and science activities in various parts of the city linked to the existing research, edu-cational and industrial facilities of Montpellier.

The AURRP estimates there

with English-speaking

are some 125 to 150 parks over-

countries home to about one-

Perhaps one of the biggest trends over the next few years will be growing international links between science parks,

believes Dr Timothy Weckes-

ser, director of worldwide services at Philadelphia's Science

Center. Such relationships will help institutions and corpora-

third of them.

It thus decided to capitalise on its research and academic traditions - the city is famous for its medical faculty — by developing a number of what it calls "poles of excellence" as part of its overall technology park project. This has involved the development of specialised scientific sites in health and agronomy as well as in com-munications, information prossing and new tourist indus-

Montpellier, which is hosting this year's fourth meeting of the International Association of Science Parks at the end of September, has succeeded in and research specialists through its science park concept which has also stimulated the development of several small and medium sized enter-

While southern France has sought to make the most of its geographical position to promote the development of new science and high technology business park facilities - Bordeaux in the South-West is now also planning a science park and Toulouse has long centre of aerospace and elec-tronic industries – the concept has also been making impor-tant inroads in the more traditional industrial regions of the centre and north of the coun-

try.

The city of Lyons, for example, has addressed the problem of the slow down in local industrial development by tap-ping the new resources offered by science parks. Mr Pierre-Yves Tesse, who has been closely involved with the development of the technopark con-cept in Lyons, explains that the city decided first to give special consideration to reinforcing the relationships between its existing and new research centres and industry on specific activities like bioiogy and composite materials. This was before its started creating new science park sites and incubators for start-up companies.
Only subsequently, did the

city start building and invest-ing in special sites to promote the development of scientific and other new industrial activ-Another example of a city

which has made capital out of the science park concept in France is Grenoble, near Lyons, which from an old acamic city has evolved into a major centre of technology and innovation. The city has suc-cassfully forged close links between business and education at the same time as attracting scientists from all lds from all over the world

in recent years. An integral part of its development strategy has been its technopark, or Zirst, which is short for "Zone pour l'innova-tion et les realisations scientifi-

vice industries. During the last 15 years, the Zirst has created about 3,300 lobs, of which about one third is in two large centres specialised in telecom munications research and other industrial research fields. A further 70 technology companies have also been attracted to the Grenoble technopark creating between them about 1700 jobs. But they have also helped attract about 50 service companies which have created more than 450 new jobs. Grenoble is now envisaging creating a FFr250m Europole to attract more business enterprises Another city which has suc

helped Grenoble develop new

high technology businesses and activities but has also

enabled the city to attract ser-

cessfully developed new job creating industries through the science park concept is Rennes, the capital of Brittany. The technopark for Rennes has relied substantially on govern-ment research laboratories in many high technology fields, including telecommunications But the presence of these labs coupled with the city's other research and educational facili-ties and industries have ensured the continuing devel-

opment and modernisation of Rennes which is at the heart of a region hit by heavy unemployment in recent years. Indeed, the French authorities have also promoted the sci-

ence park concept as a device to help restructure troubled ment has thus actively encour-aged high technology compa-nies to invest in the depressed French steel and coal belt as well as at old shipbuilding centres which have faced growing economic and social problems with the closure of shipyards.

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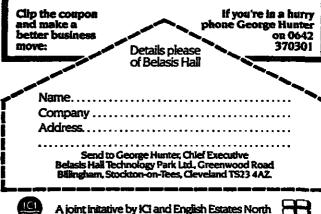
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New thinking From previous page

Wuerttemberg – Karlsruhe, Stuttgart and Heidelberg – as amongst the success stories. Schnieder and Koch, a local area networking computer firm, and PRO-CAD, which produces software for computercontrolled machinery, are internationally known firms still operating from the Karls-ruhe park, and TW-TRANS, another software group, has

another software group, has thrived in Stuttgart. However Baden Wuerttem-berg, which probably has more parks than any other state, also illustrates the problem of trying to use the parks as an instrument of regional policy. Parks in areas of relatively high unemployment like St Georgen, once the centre of the Black Forest watch-making industry, or Offenburg, have not been a great success because they are cut off from the networks of science, innovation and research and devel-opment spending. (Baden Wuerttemberg has 15 per cent of the German population but nearly one-third of the

research and development spending). The northern states like North Rhine Westphalia and Bremen, which are suffering most from the decline of heavy industry, have recently caught on to the idea of technology centres although some of them are not very broadly based. The Dortmund centre is one of

the most productive in the country and has also come to symbolise the new, and close relationship between banks, business, science and local gov-ernment. North Rhine Westphalia now claims to have 14 technology centres.
The BIG centre in Berlin was

one of the trail-blazers and although some critics now say it has lost its sparkle it has undoubtedly stimulated dozens of new businesses. However a lot of those are service rather than manufacturing businesses and they have created very few jobs. Mr Kberhard Von Kinem, of the Institute of Urban Research and Industrial Policy in Bonn, reckons that science parks in Germany have created less than 1,500 new jobs. So technology centres, as

currently structured, are an expensive form of job creation. They have, however, contributed to a change of thinking both about new technology and, increasingly, the funding of small firms. For example Mr Lothar Spaeth, the premier of Baden-Wuerttemberg, visited the UK two years ago to examine how it survives with relatively little public support. According to one local official he is intent on phasing out most public subsidy for the parks in his state within five

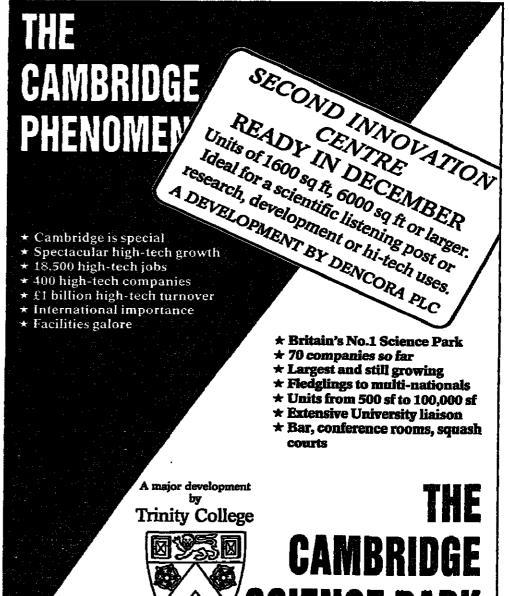
David Goodhart

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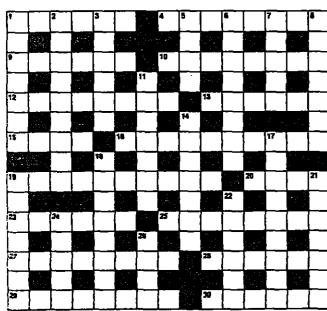
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- ACROSS 1 Home where there's tea
- allowed (6)
 4 Settles down and produces original work (8)
 9 Standing for sixty minutes
- 10 She has to cut everything back (8)
- 12 Study the way a worker gets
- 12 Study the way a worker gets
 even (8)
 13 Saving for the month-end
 rent (6)
 15 Put down money to be of
 some assistance (4)
 16 Note a boy should appear in
 black at the appropriate
 time (10)
 19 The new man is there to
 organise a fighting force

 14 The heart of a continental
 city church (7)
 17 Game to manufacture
 third-tate china? (9)
 18 The guard's ill-behaved offspring (8)
 19 Letter from Greece enclosing powerful picture (7)
 21 Fail to take the right way
 out (7)
 22 Story grangen turning on
- organise a fighting force
- (3.7) 20 A river in flood eroding its
- banks (4)
 23 Crossing-place for game (6)
 25 Carol accepts cereals in general, though showing disdain (8)
- 27 About six get notice maybe, so removal's arranged (8)
 28 Put in order and pay the bill

- 5 Monster duck, almost entirely grey (4) 6 A liking for bird-song (8)
- 7 Stew caused by chaotic mails (5)
 8 Surprise beginning to French article (7)
 11 In time accepting one as caretaker (7)
 14 The heart of a continental
- 22 Stop gunmen turning on others (6)
- 24 The first person involving 15 across in highly esteemed work (5)

Solution to Puzzle No.6,782

so removal's arranged (8)

28 Put in order and pay the bill

(6)

29 Anger due to change — only minor (5,3)

30 Pole follows a good man and suffers for it (6)

DOWN

1 This may well affect prior plans for the disposal of property (7)

2 Getting agitated entering a foreign country (9)

3 Picks some of the best celery ever raised (6)

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GUIDE TO UNIT TRUST PRICING

price in circumstances in which there is a large excess of sellers of units over buyers. THRE
The time shown alongside the fund manager's name is the time at which the unit trasss' daily dealing prices are normally set uniess another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: 9 - 0001 to 1400 hours; 4 - 1401 to 1400 hours; 4 - 1701 to midnight.

Instrume Precing
The letter H denotes that the managers will deal on a historic price basis. This means that investors can obtain a firm quotation at the time of dealing. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. There was Precing.

The letter F denotes that prices are set on a forward basis so that investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper show the prices at which deals were carried out the prices appearing in the newspaper show the prices at which deals were carried out present as the forwarding in the newspaper show the prices at emich deals were carried out the prices appearing in the newspaper show the prices at emich deals were carried out the first price in advance of the purchase or sale being carried out. The prices appearing in the newspaper show the prices at which deals were carried out. The prices absorbed in the first column of the FT time the forward pages.

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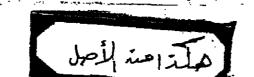
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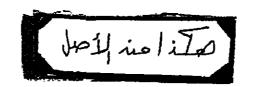
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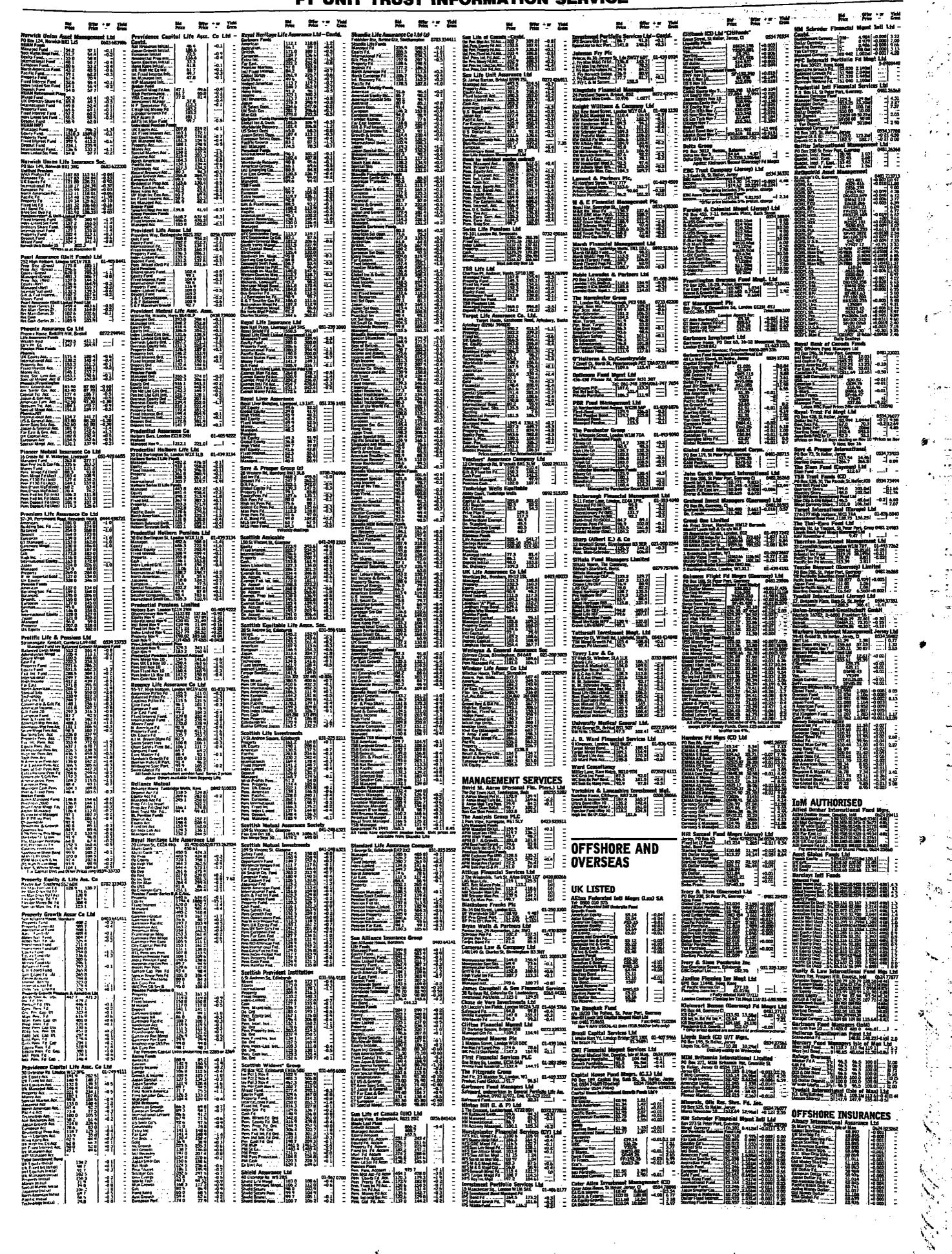
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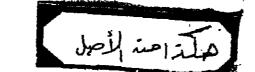
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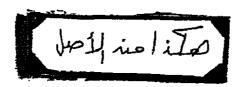


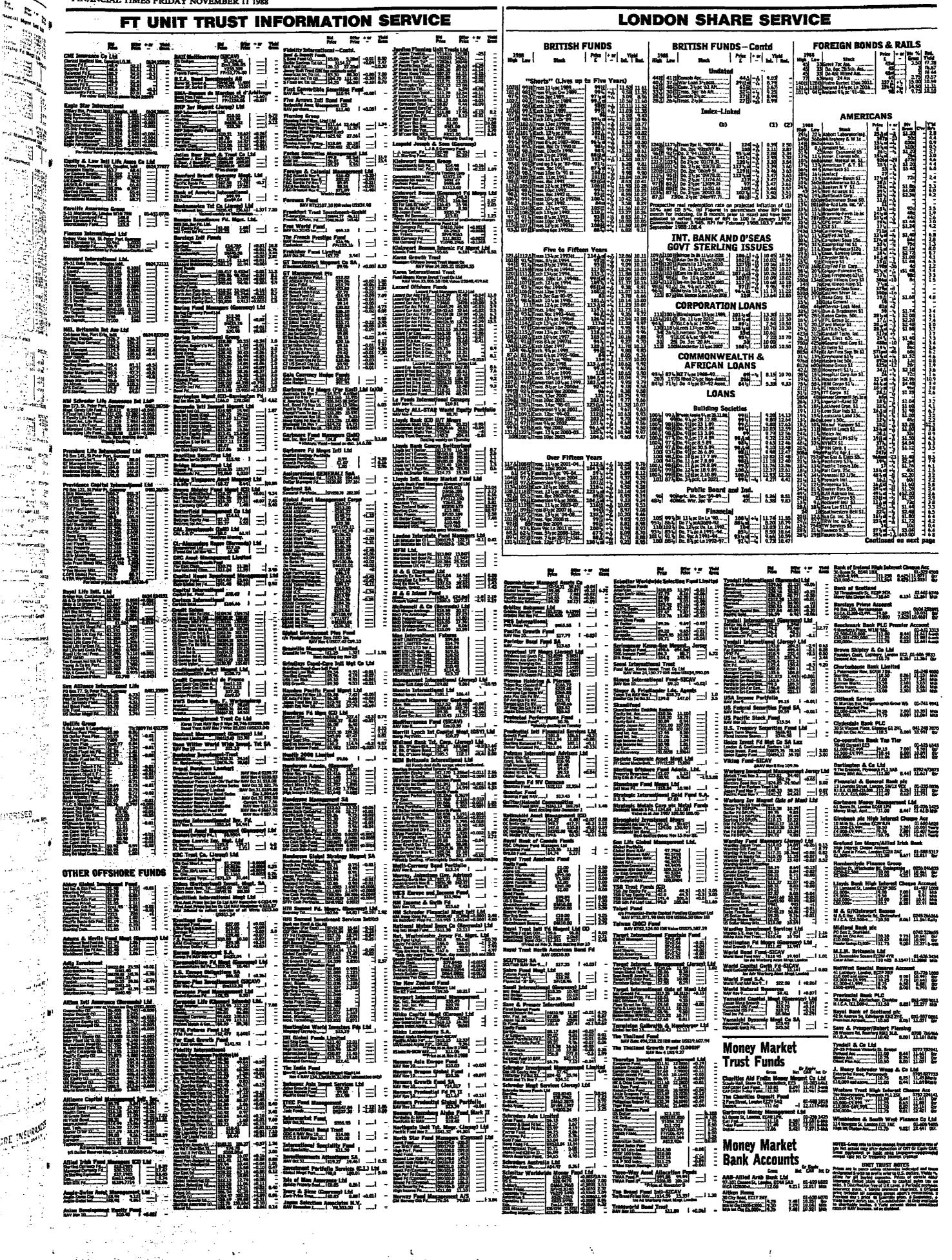


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EUROPEAN OPTIONS EXCHANGE

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Nervous tone depresses dollar

THE DOLLAR continued to replenish dollar portfolios. lose ground in currency markets yesterday. Trading pat-terns were a little confused and difficult to interpret. Volume was down ahead of today's closure of most financial centres in the US, and many traders had been expecting the dollar to improve on profit taking and position squaring ahead of the long

weekend. The prospect of some form of dollar retrenchment was reinforced after overnight intervention by the Bank of Japan, which followed dollar support in New York on Wednesday afternoon by the US Federal Reserve Board. Despite all this, the dollar once more broke below the Y124.0 level against the yen, and finished at Y123.95, its lowest level for seven months, and down from Y124.20 previously. The general lack of appetite for holding dollars, was exacerbated in the afternoon by the release of US producer prices, which were unchanged in

which were unchanged in October. Most analysts had expected a rise of around 0.3 p.c. to reinforce the notion that the US economy is stronger than previously thought, and US interest rates would be

pushed higher. While most Euro-dollar deposits were firmer by a six-teenth of a point, the rise pro-vided insufficient reason to

£ IN NEW YORK

Mov.10	Latest	Previous Close
E Soot	1.7895-1.7905 0.50-0.4990 1.43-1.4190 4.80-4.70pm	1,7920-1,7930 0,50-0,49pm 1,43-1,41pm 4,80-4,70pm
Forward premiu	ARE AND ESCOURES A	oply to the US dollar
STERLI	NG INDE	X

CURRENCY RATES								
Nov.16	Bank rate %	Special* Drawleg Rights	European Currency Unit					
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CURRENCY MOVEMENTS

Nov.10	Bank of England Index	Morgan ⁴⁴ Guaranty Changes %
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Morgan Guaranty changes, average 1980-1982 - 100 Rank of Findland lades (Rank Average

1975 - 1007	OTHER CURRENCIES							
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lar's decline was limited by the threat of central bank intervention. While support for the US unit has been confined to intervention by the US Fed and the Bank of Japan, investors are unwilling to be caught by co-ordinated G7 intervention,

in the same way as they were at the beginning of the year. The dollar closed at a five month low of DM1.7575 against the D-Mark, compared with DM1.7605 on Wednesday, and was lower against the Swiss franc at SFr1.4770 from SFr1.4810. Elsewhere, it fin-ished at FFr6.0075 from FFr6.0150. On Bank of England figures, the dollar's exchange rate index fell from 94.8 to 94.5. Sterling was confined to a

very narrow range. Overseas investors remained attracted by the high rate of return on sterling denominated deposits, but with attention tending to focus on the dollar, sterling

unchanged from Wednesday's

close.
The pound rose to \$1.7960, its best level since June, and up from \$1.7905 on Thursday. It was also higher against the D-Mark at DM3.1575 from DM3.1525 and Y222.75 compared with Y222.50. Elsewhere it finished at FFr10.7900 from FFr10.7700 and SFr2.6525,

unchanged from Thursday.

The D-Mark recovered from mid-morning lows against the yen, but still finished down on the day. The yen has recently been held down against the dollar by central bank inter-vention, while the D-Mark has not suffered from any such constraints. Consequently, the D-Mark rose from a low of Y70.45 to finish at Y70.53, although this was still down from Y70.57 on Thursday. Dealers pointed out that there appears to be little chance of a serious challenge on resistance at Y70.70, and ultimately, a

way. Its exchange rate index the yen more than the D-Mark.									
EMS EUROPEAN CURRENCY UNIT RATES									
	Ecer central rates	Currency amounts against Eco Mor.10	% change from central rate	% change adjusted for divergence	Divergence Rmit. %				
Beiglar Franc Dankh Krone German D-Mark French Franc Datch Guilder Irish Past Italian Lira	42.4582 7.85212 2.05853 6.90403 2.31943 0.768411 1483.58	43,4493 7,99774 2,07191 7,08019 2,33723 0,775779 1543,46	+2.13 +1.85 +0.65 +2.55 +0.77 +0.96 +4.04	+0.80 +0.32 +0.88 +1.02 +0.76 +0.57 +3.14	±1.5404 ±1.5404 ±1.0981 ±1.3674 ±1.5012 ±1.6684 ±4.0752				
Changes are for Ferr the	erfore positive ci	20ne denotes 2 to	St. Commercy						

ges are for Eco, the	erefore posit	the chang	ڪاديون ع	a weak	C#17
trest calculated i	y Fleancial	Times,			

POUND SPOT- FORWARD AGAINST THE POUND								
Nov.10	Day's spread			% p.a.	Tiree months	% p.a.		
US	65%-66.30 12.17-12.20 1.1790-1.1850 3.15-3.16 261.35-263.00 207.65-208.90 248-2584, 11.794-11.834, 10.764-10.794, 222-223 22.13-22.1 2.644-2.654,	1.7955 1.7965 2.2020 2.2030 3.554, 3.564, 66.15 66.25 12.19 1.200 3.155, 3.52, 5.207.70 208.00 22504, 7.351, 10.785, 10.794, 2224, 2274, 2214, 2214, 2.644, 2.654,	0.50-0.47 pm 0.57-0.18 pm 2-1 3 pm 3-1 3 pm 3-2 1 pm 13-1 4 pm 13-1 4 pm 13-2 1 pm 13-2 1 pm 13-2 1 pm 13-2 1 ppm 13-2 1 ppm 13-2 1 ppm 13-2 1 ppm 13-2 1 ppm 13-2 1 ppm 13-2 1 ppm	3.24 4.05 4.00 4.00 6.89 0.58 0.51 0.58 0.51 0.58 7.74 6.79	141-17m 07-05bm 85-72m 85-72m 12-11sm 5-54m 5-14sm 13-11sm 14-26s 3-10m 14-26s 104-10m 34-23m 34-324m 35-34m	3.10 1.17 6.60 3.79 4.24 7.44 -1.49 -0.03 -0.55 3.78 1.752 6.062		
6elgan rate i 4.65-4.55cpm	s convertible transs. F	Impocial frame 66.60-6	20.70 . Six-month	orward do	Har 2.63-2.58cpm	12 1009194		
DOLL	AR SPOT	FORWAR	D AGAIN	IST T	THE DOL	LAR		

	AN 0-01-	1 0444741		•••		
Nov.10	Day's spread	Clase	(se mouth	% p.a.	Three months	9 <u>4</u>
JKt	1,7905 - 1,7980	1.7955 - 1.7965	0.50-0 47cpm	3.24	1.41-1.37pm	3.10
relandt	1,5165 - 1,5210	1.5190 - 1.5200	0.07-0.11cdls	-0.71	0.20-0.30ds	-0.66
anada	1,2215 · 1,2315	1.2245 - 1.2255	0.19-0.22rdis	-200	0.57-0.62dls	-1.94
Ketherlands .	1,9785 · 1,9890	1.9820 - 1.9830	0.55-0.52cpm	324	1.75-1.70pm	3.48
Belgium	36 80 - 36,95	36.80 - 36.90	5.00-4 00cpm	1.46	17.00-14.00pm	1.68
Denmark	6,775 - 6,805	6.784 - 6.794	0 60-0 30orepm	0.80	1.60-1.10pm	0.80
W. Germany	1,7545 - 1,7630	1.7570 - 1.7580	0.55-0 52pfpm	3.65	1.75-1.71pm	3.94
Portugal	1455 - 1464	146 - 1464	45-65cdk	-4.52	140-1906s	-4.52
ipale Laly Vorway	115.75 116.45 1308 13124	116.05 - 116.15 13081 - 13091 6.581 - 6.59	22-32cdis 2-90-3 404rredis 1-95-2 100redis	-2.79	85-9565 8.50-9.5065 5.90-6.2065	-310 -275 -367
France	5.99% - 6.02%	6.00½ - 6.01	0.35-0.30cpm	0.65	1.08-0.98pm	0.69
	6.10% - 6.12%	6.11½ - 6.12	1.15-1.30credis	-2.40	2.90-3.20ds	-1.99
Japan Rustria Codo rustand	123 75 - 124.20 12 334 - 12 394 1 6765 - 1 6945	123.90 - 124.00 12.36 - 12.36½	0.48-0.45ypm 3.05-2.75grapm 0.59-0.54com	4.50 2.82	1.40-1.37pm 10.00-9.00pm 1.78-1.73pm	0,81 3,08 4,75

ndividual currency. Beigles ratz is for consentible francs. Financial trans. 37.05-37.15.										
EURO-CURRENCY INTEREST RATES										
Nov.10	Short term	7 Days notice	Cae Month	Three Months	Six Months	Crose Year				
Rerling IS Dollar IS Dollar IS Dollar IS Dollar IS Dollar IS Dollar IS Golder IS Franc Is Franc Is Fr (Flab IS Fr	113-114 82-82 11/A 11/A 43-45 73-71 12-10 74-7-7	117-114 84-84 104-10 54-54 434-44 78-78 114-104 74-74	12-11% 84-87 104-104 52-55 313-314 75-75 11%-114 74-77	12 (-12) 81-89 104-105 55-55 41-4 81-81 11-7-115 71-71	12,-12,6 81,-83, 101,-101, 51,-34, 54,74, 81,-83, 114,-115, 73,-74,	12-115 91-801 11-105 51-51 41-4 81-81 111-7,7	•			

ams and discounts apply to the US dollar and not to the

Fr. (Con. en Krone stan \$Sing)	73-7 N/A 75-74 84-84		37	73.7 42.4 74.7 82.8	4	10 44 10 44 10 44 10 81	7-2-7 41 ₂ -4 81 ₂ -8 81 ₃ -8		71 71 2 8 9 8 1
Long Le	rm Eurodo 4. per cent	diars: two	years 9%- Sbort term) per cent, rates are	three year	5 9 5 - 9 1 ₆ Dollars a	be ceur; ;	our years the Year, oth)1 ₂ .91 ₄ pr es, two d	7 CERT.
		E	CHA	NGE	CRO	SS I	RATE	<u>s</u>		_
Nov.10	E	S	DM	Yes	F Fr.	S Fr.	H Fl.	Ura	C\$	ВБ
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DM	0.317 4.488	0 569 8.061	1 14 17	70 55 1000.	3.417 4843	0 940 11 91	1.127 15.98	744.5 10552	0.698 9 888	20.9 297
F Fr. S Fr	0 927 0 377	1.665 0 677	2 927 1.190	206.5 83.98	10. 4.067	2.459 1	3.299 1.342	2179 886.2	2.042 0.830	61. 24.
H FI, Ura	0.281 0.425	0.504 0.764	0 887 1.343	62.58 94.77	3.031 4.590	0.745 1.129	1514	660.4 1000.	0.619 0.937	18. 28.
C S B Fr	0.454	9,815	1433	101.1	4 898	1.204	3.636 5.378	1067 3551	1 338	30.0

FINANCIAL FUTURES

Prices slightly firmer

US TREASURY bond futures rallied yesterday in spite of a weak dollar. News that October US producer prices were unchanged, after a rise of 0.4 p.c. in September, helped senti-ment. The market had been expecting a rise of 0.3 p.c.

Bonds were also underpin-ned by the relatively successful US Treasury auction of 10-year notes, and the high level of

LONDON (LIFFE

led Volume 412 (740) s, day's open lat. 884 (799

Estimated Volume 6134 (10473) Previous day's open let. 10027 (9083)

1-min 3-min 6-min 12-min 1.7912 1.7821 1.7701 1.7500

POLINO-S (FOREIGN EXCILANGE)

MAN-STERLING Se per S

500L 1.7960

FT LONDON INTERBANK FIXING

01.00 a.m. Nov.100 3 meets US delians

The fixing rates are the arithmetic means rounded to the or

Cless High Law Pres. 184.25 185.00 183.80 184.70 186.25 186.20 186.20 186.50

Bids covered the auction over three times, with Japa-nese investors estimated to have taken about 30 p.c. of the \$9.5bm notes allocated Volume in sterling denomi-

bids, in spite of the dollar's

nated contracts remained low on Liffe. The market was confined to a very narrow range, with most trading in short ster-

新加州的农场公司

E E/S OPTEINS 100 (seeks per EII)				LIFFE EURODOLLAR OFTENS Elin points of 100%					
能 (457775) 885995	Calls-settle Nov 1455 955 656 0 0	0ec 1455 925 487 194 54 10	Path de lion 0 0 65 545 1045	Dec 2 17 92 299 659 1115 1606	Strike Price 9050 9075 9105 9125 9150 9175 9260	Calls-seti Dec 58 35 15 5 2 1 0	Mar 80 60 43 29 18 11 6	Pats-set - Dec - 23 - 45 - 69 93	tiem k

Exiterated volume total, Calls 23 Pots 0 Previous don's osen lot. Calls 125 Pots 4231.

Strike Price 8725 8750 8775 8825 8825 8825 8875

		_			07110HS						_
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March deliver

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ling futures now moving into	GOLDPS	420 667	3.50	502	9.50	, -	34.0	4 727.7
March delivery.				114	. 89	100	. 89	•
There were no fresh factors,	·	Dec.	98		. 07		· · · ·	S 65
	SILVERC	950 -		370	4	-		,
with the market waiting for	Sifact o			- Ray	. 88	las	. 89	
next week's UK figures on pro-		Nov.	. 555			-		FL 240.8
HEYT MEET 9 OF DETTES OF bro.	EDE ladez C F1.	235 128	7.	85 30 . 67	10	. 8	וַנֵּיו	
ducer prices, retail sales,	EOE Index C FI.	235 128 240 840 265 491	350 110 030 020 020 A	30	ļ. 7	117	10	Fi. 240.8 Fi. 240.8
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ing.	EOE lodes C FL.	744 T 44 T	0.20	345	1.80	65	- 3.80 A	Fi. 240.8
The upward trend in prices	EDE Ledex C FT.	250 221 250 30 260 30	0.20 A	-	l.⊹. −	65.	2.50	. 된. 249.5
10% of water reserving braves	EOE index P FI.	25 -		85	1.80	'	<u></u>	` p. 240.8
of short sterling and long gilt	EOE lodex P Fi.	256 14	0.60	. 85 . 64	1.80 2.70	112	5.90	Ft. 240.8
contracts was largely a move	EDE Index P F).	230 14 235 605 240 1358	ĨA	294	4.50	23	1 9 1	F1. 240.8
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in sympathy with US bonds.	EDE Index P FL	285 668	5.	102	8.50	61.	냺	F1, 240.8
	EDE Index P FT.	添 1 177	16	10	12	112 23 486 486 55	[13]	FI. 240.8
	EOE Index P F1.	翠翠	10 15	-		-	i= !	FI. 240.8
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		200 372 190		56	0.90	3	1.60 3.10	F). 198.4
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TOTAL YOLUME IN CONTRACTS: 44,092

BASE LENDING RATES									
	%		% .	9,					
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Adam & Consumy	12	Clydesdate Bank	12 .	Morthern Bank Ltd 12					
AAB - Allied Arab Bk		Comea Bk N East		Horwick Gen. Trust 12					
Affied Irish Bank	12	Co-operative Bank *	°12	PRIVATbanken Limited . 12					
Henry Anstracher	12	Coetis & Co	12	Provincial Bank PLC 13					
ANZ Basking Grosp		Crores Popular Bk	12	R. Raphael & Sons 12					
Associates Can Corn	12	Oppres Popular Bk Dunbar Bank PLC	12	Rocherghe G'rantee 121 ₂					
Authority Bank	12	Dancan Lawrie	12	Royal Bik of Scotland 12					
B & C Merchant Bank	12 -	Equatorial Bank pic	12	Royal Trest Bank 12					
Bank of Baroda	12	Exeter Trast Ltd	124	Smith & Williams Secs 12					
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Bank of Coppes	12			"United Mizrahl Bank 12					
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Bank of India	12	HFC Bank ofc	12	Western Trust 12					
Bank of Scotland	12	HFC Bank plc	17	Westpac Bank Corp 12					
Banque Belge Ltd	17	Heritable & Gen by Bak	ī <u>ā</u>	Whiteour Laidlaw 12½					
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Beachmark Back PLC									
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FINANCIAL TIMES CONFERENCES

London, 29 & 30 November, 1988

Health care in Britain is facing the greatest change since the National Health Service was formed 40 years ago.

'Private Health Care', a major Financial Times conference, will examine the growing co-operation between the public and private sector, the new dimensions in health insurance and the care of the elderly.

Speakers will include:

BUPA

Mr David Mellor, QC, MP Minister of State for Health

Mr William Laing Laing & Buisson

Mr R M Graham

Mr David Willetts Centre for Policy Studies Mr John Chawner

Dr K A M Grant City & Hackney District Health Authority

Mr Peter Townsend Bioplan Holdings plc

Ms Harriet Harman, MP Opposition Spokesperson on Health

Dr Marvin Goldberg AMI Healthcare Group plc

Professor Alan Maynard Centre for Health Economics

Dr Derek Taylor Marks and Spencer plc

Mr Paul Stacev Nuffield Health Care Limited Mr Peter Farmer

Arthur Young

Mr Derry Andrews Sun Alliance Health First

Private Health Care

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Company		·
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MONEY MARKETS

Ample credit supply

LACK OF new economic factors left dealers with little to do but watch currencies, in very quiet trading on the London money market yesterday.

The dollar is causing as much concern as sterling at present. The US currency has fallen sharply since Tuesday's US Presidential election, and came under further pressure yesterday, prompting sugges-tions that the Federal Reserve might soon be prompted into raising interest rates.

UK clearing bank base lending rate 12 per cent trom August 25 & 25

Sterling has gained about 21/3 cents since the US election, and has been reasonably suc-cessful in hanging on to the coat tails of the strong D-Mark. Dealers in London see no immediate reason for any change in UK interest rates, although the risk of higher base rates remains in the back-ground if economic news disap-

The market is looking for evidence that the rise in rates during the summer has slowed monetary expansion. Therefore a major test of confidence is likely to come next Friday, with publication of the October money supply and bank lending figures.

Three-month sterling inter-bank was unchanged at 124 125 p.c. yesterday.

Day-to-day credit conditions were comfortable in London. The Bank of England initially forecast a money market shortage of £100m, but revised this to £150m at noon, and to a flat position in the afternoon. The authorities did not give any assistance to the market.

Yen per 1,000: Frenck Fr. per 10' Lira per 1,000' Befgian Fr per 100.

assistance to the market.

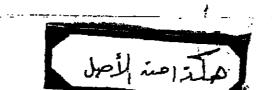
Bills maturing in official hands, repayment of late assistance, and a take-up of Treasury bills drained £286m, with a rise in the note circulation absorbing £45m. These factors were offset by Exchequer transactions adding £225m to liquidity, and bank balances above target of £25m.
In Frankfurt call money fell

to 4.55 p.c. from 4.70 p.c. as liquidity remained ample for the needs of the market. The Bundesbank has drained DM2.3bn from the market this week, by not fully replacing an expiring securities repurchase agreement, but this has been more than made up for by

other factors. Christmas bonus payments are swelling bank accounts, and banks are able to take advantage of increased borrow-ing facilities this month under higher Bundesbank rediscount

Banks reserve holdings at the Bundesbank are high, averaging DM57.2bn for the first eight days of November, com-pared with with an expected average requirement for the whole month of DM54.6bn.

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111% per conths 11% Rate Stort 26,1988 store rate for	per cent; Ti ling Export F to December or period Oc	25 1968 tober 1, 1988	to October	31 . 1988
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Since Compilation

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Nov. 9 Nov. 8

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LONDON STOCK EXCHANGE

No lifting of the gloom in equities

THE UK stock market remained in a state of indecision yesterday as the cloud overhanging the US dollar dis-couraged the major institu-tions from taking new invest-ment initiatives. With several European markets closed today, and New York at halfthrottle, for the Armistice Day commemoration, London se little likelihood of any major rally as the equity market Account moves to its close

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response from the market to good trading results for the third quarter at British Petro-leum and Shell, although the market saw these figures as

Account Dealing Dates Nov-14 Nov 28 Dec 9 Dec 5 Dec 19 further evidence of the resil-

nies in the face of persistently reakening oil prices. Special situation stocks contimed to provide the excite ment for an otherwise tired market. The decision to refer the Elders IXL bid worth £1.5bn for Scottish & Newcas-

FT-A Ali-Share index

ience of the major oil compa-

tle, the Scottish-based brewer, the Index finally unchanged on to the UK Monopolies and the day. Mergers Commission, while touching off a bout of fire-works on the trading screens, put another major takeover story into limbo; Elders, as required, allowed its bid to lapse as it went to the Monopolies Commission, which may not make announce its deci-sion for some months; also currently before the Commission is Minorco's £2.9bn bid for Con-

olidated Gold Fields. The mood of the market was accurately reflected in a final reading of the FT-SE Index showing a net gain of 0.5 per cent at 1826.2, with nearly a quarter of the the 100 stocks on

Equity Shares Traded

Oct

to close a net 3 higher at 975p;

turnover was 1.6m.
The third quarter net income

figure of £772m, compared with

£662m, was up some 18 per cent and was regarded by trad-ers and analysts as "excellent". Doctor Homa Motamen at

CIBC Securities immediately

upped her forecast for the full

year profits from £2.9bn to £3.1bn, "putting the shares on

a prospective price earnings ratio of 8.8 times - extremely

BP's results were also given

a good reception, but there was

some disappointment in the

market that there was no

accompanying statement from BP regarding the request from

the Kuwait Investment Office to extend the time limit for the

reduction of its stake from

nearly 22 per cent to below 10

per cent. There were also vague hints that some form of

asset swap between BP and the Kuwaitis could be on the cards.

BP old were bought up to

254p, but subsequently fell away to close 2% firmer at 251%p on turnover which

expanded rapidly to 11m. The new were 2% higher at 149%p after 151p on turnover of 9.7m.

British Aerospace dropped

back to 484p, down 14, proving sensitive once again to adverse

news. The market was rattled by reports of a profits downgrading by Albert E Sharp, the Midlands broking house. London-based analyst Ms Sue Say-

ers explained that she had only

come into line with other fore-casts, although her new esti-

mate is at the lower end of the

larly the sterling/dollar rate,

affect BAe profitability and

have caused several research

Currency influences, particu-.

Nov

Turnover by volume (million)

Sep

400

300

200

Seaq volume of 586.7m shares remained fairly high, comparing with 522.5m on Wednesday. Both totals include both customer and inter marketmaker trade, with the inter-market business currently supplying a high propor-

Shares opened firmly but turned off as the dollar trem-bled, and there were signs of a small sell programme in equities. Once again, the market steadied just above FT-SE 1820 mark. With Wall Street unim-pressive in early deals, an attempted rally in London faded away at the close.

6225m. not £215m as the mar-

ket suggested, but expressed surprise over vesterday's price weakness: "Everybody knows

the long-term strengths of BAe, but there tends to be an over-

reaction to short-term develop-

tle cheer from the activity in Scottish & Newcastle. Bass fell

just 3 to 820p in much improved turnover of 1.9m on renewed buying ahead of the figures. Greenall Whitley rose

3 to 258p amid renewed talk of

Activity in the clearers was minimal. Midland eased to 404p following news of the

acquisition of broking house

Wigram. A sizeable selling order lowered Royal Bank of

Scotland 4 to 339p. TSB, how-ever, remained well supported

and put on 2 to 114%p amid

talk that a stock shortage had

developed. Merchant banks drifted back across the board

with Morgan Grenfell down 5

ignored and lost ground where

changed. Composites were unsettled by the news of proba-

ble reductions in Californian rates. Commercial Union gave up 2 to 328p, General Accident, despite bullish comment on the third quarter figures, eased 3

to 844p, with traders reporting switching out of the stock and into Guardian Royal Exchange

- said to have the least expo-

sure to the Californian news; the latter hardened to 175p.

jumped 8 to 448p on specula-

tion that the company has won a major new contract. Worries

about possible further defec-

tions upset Willis Faber, 2 off at 235p. PWS rose late in the

day and closed 4 to 144p, amid vague takeover talk.

Among stores, Lloyds Chemists rose 6 to 157p on renewed

talk of a management buy out or a bid from Macarthy. Store-

house results were below

closed 3 higher at 170p on

vague speculative interest with one dealer said to be chasing

stock. Cable & Wireless, scheduled

to reveal interim figures on

November 23 - BZW are fore-

casting pre-tax profits of £211m came under further pressure

and closed 6 off at 381p with

the market upset by worries

about possible weakness in the

Elsewhere price changes in

the front-line electronics were

generally negligible. Racal Electronics were slightly easier

edged up to 170%p in reasonably active trading, with business in the ADR's in London —

116,000 - said to have reached

its best level since the stock

The US buying that has driven GEC higher over the past few weeks seemed to have dried up, but persistent UK

was floated.

expectations and the shares

Broking firm CE Heath

Life issues were virtually

an announcement.

The brewery sector took lit-

ments."

at 317b.

The concerns over domestic retail spending touched off recently by the Marks & Spencer trading statement were not reduced by news of a hefty fall in interim profit at Storehouse. However, the poor figures were widely discounted and the shares brushed off the halfvear statement

As Minorco held its annual meeting in Luxembourg, both Consolidated Goldfields and Lonrho traded actively in London. Shares in Gold Fields rose smartly as the market strug-gled to assess seemingly contradictory statements on Lon-rho's possible interest in acquiring Minorco's stake in Gold Fields.

support kept the shares steady around 173 %p.
On the disclosure that IEP Securities, the Sir Ron Brierley vehicle, had sold its 8.75 per cent stake, shares in Ratcliffe (Great Bridge) added 4 to 157p. Meggitt eased 1 to 96½p on its £8.54m acquisition of KDG

Food stocks featured speculative talk in Bejam, the subject of a bid from Iceland Frozen Foods. Bejam shares rose 3 to 202p in turnover of 605,000 shares. Far more significant according to dealers was talk that a broker had bid for a 5 per cent stake in Bejam at above the current market

There was speculation that a line of 9m shares would be marked through the overnight ticker at 215p, but there was some uncertainty as to the identity of the buyer. Bejam is due to send out its defence doc ument early next week. Last night the company was unavailable for comment, saying the directors were all in a meeting.

Renewed French interest put Eurotunnel up 11 more to 371p and increased first-half profits raised Amber Industrial 5 to 365p. J Bibby responded to expectations of a "substantial recovery" this year in the wake of rationalisation of its agricultural business, news which off-set the effects of yesterday's lower annual profits. The shares bounced from their low point of the year to close 12 up

Among quiet leisure issues, Owners Abroad jumped 8 to 87p on talk that the company may attract the attention of a Great Portland came under

TRADING VOLUME IN MAJOR STOCKS Marts & Second Maxwell Comm. ADQ and Sant Kat Virol Bank

以所是通過的可以 中下下中下下下下下的 2000年1日 2 日本 日本的十二年 1000年1日 2 日本 日本的十二年 Scott & Newtastir tera Foots the spotlight as speculation caught marketmakers out and up of 30,044 calls and 21,384

FINANCIAL TIMES STOCK INDICES

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55,59

11.82

Opening 010 am 011 am 012 pm 01 pm 02 pm 03 pm 04 pm 1479.4 1478.1 1478.6 1477.1 1478.4 1477.5 1478.7 1478.3

DAY'S LOW 1475.8

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974, 4NH 10.06 (Excluding

88.49

10

88.63

11.91

Ordinary

oru. Dt. Yield Earning Yid %(full) P/E Ratio(Not)(2) SEAQ Bargains(Spm) Equity Turnover(Em)† Equity Bargains† Ord. Di. Ylek

DAY'S HIGH 1479.6

resurfaced of an impending bid or management buy-out. The shares rose 13 to 375p. Leading issues closed only a shade softer while news that TGP 110 Ltd was to acquire a 7.63 per cent holding before the year end came too late to affect Mountleigh, at 168 p.

BAT Industries made a spirited attempt to resist the adverse effects of the changes in Californian insurance legislation. After good volume of 5.2m, the shares ended only slightly easier at 442%p. Lonrho also traded heavily

(8.1m shares) amid the Gold stake controversy and finally showed a further loss of 4 at 403p. Persistent support, aroused

mainly by a security house buy recommendation, of Tranwood

the shares raced higher as they attempted to square their positions. Some directors have recently increased their share-holdings in the company, including Mr Peter Earl, the chief-executive, with a per-sonal stake of 16.5 per cent. The shares closed 51/2 up at 34n, against the sector trend. Researchers at CL-Alexander

Laing & Cruickshank say: "Tranwood is a rapidly grow-ing and well diversified institutional financial services busi-ness with a number of strong niche agency operations. The shares are rated modestly for a group with excellent prospects and an entrepreneurial and Turnover in Traded outions

rose to the unusually high level of 51,428 contracts, made

-

puts, as activity was generated in several individual stocks, some of which have been involved in bid talk in the market. Trading in the FT-SE 100 index reached 3,832 contracts on a closing matched bargain basis, and comprised only 914 calls, against 2,918 puts, and a total of 4,308 if account is taken of bargains not immediately married. Sears was the most promi-

nently traded individual stock, attracting turnover of no less than 8,753 matched bargains, with calls amounting to 7,530, and puts to 1,223.

including FT-Actuaries Share Index and London

—1992: THE KEY DIRECTIVE

Extra copies of the 1992 wall chart

Send cheques payable to FTBI Ltd to Jane Hammond, The Banker, 102-108 Clerkenwell Road, London

are available for £5 each.

Confusion after bid referral

Activity in Scottish & Newcastle expanded to the extraordinarily large figure of 70m shares amid considerable confusion both before and after news of the referral to the Monopolies and Mergers Com-mission of the £1.6bn bid by Elders IXL. The share price see sawed wildly before closing

Dealers initially marked prices higher from the opening level of 406p amid general confidence that the bid would not be referred. Business was done as high as 422p, but when the referral was announced at shortly after 9.00am the Elders bid automatically lapsed and the S&N price literally collapsed, plummeting well below the 400p level. One dealer reported seeing the price down as far as \$60p offered. Within minutes of the refer-

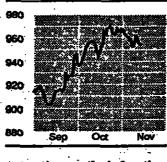
ral, however, brokers acting for Elders were bidding for large lines of stock and found sellers only too keen to take the 400p on offer. Dealers immediatley marked their prices back up to around 400p. After several large deals which included one of 5m shares, Elders announced that it had increased its stake to 23.64 per cent. During the subsequent confusion of announcements from Elders, S&N and several government departments, turnover calmed down and the price eased to its close,

Wellcome potential Wellcome announced results

the shares rose 12 to 467p in turnover of 25m. The company meeting was packed with analysts and they emerged in bullish mood. Dr Arnab Banerji of Nomura

Research commented, "The profits growth was concenproducts, particularly the anti-herpes drug Zovirax." He pointed out that sales growth of Zovirax can reasonably be projected at an annual compound 35 per cent for the next three years. Sales in Japan are expected to grow particularly fast following approval of the tablet form of Zovirax in October, but analysts are equally excited by news that the drug has received UK approval for the treatment of shingles, opening up a market which is potentially as large as the her-There was some uncertainty

over Retrovir, Wellcome's anti-AIDS drug. The company did not provide a profits breakdown, leaving analysts to project that, depending on the



accounting method for the R&D and trials programme, the drug is either making only small profits or is costing Wellthat Retrovir contributed £35m to trading profits. Large profits are expected in the early 1990's, but analysts remain worried that a rival product

Leap at LEP

man, said yesterday that the product launch had been announced to the Stock Exchange because the company believed the news could be price sensitive. The market agreed. Analysts were quick to point out the potential for the product in the AIDS testing market. One commented, "It this machine does what the company says it can do, it will sweep the board."

probing technique, can identify the presence of a virus rather the machine to sell for between £6,000 and £10,000. We have esles develor.

majors to report third quarter results and its shares bounded

come money. Analysts at Flemings Research, who rate the shares a strong buy, estimate will emerge to steal Retrovir's

Mr John Reed, LEP chair-

than merely its antibody and is thought to be quicker and cheaper than existing technology. Mr Reed said, "We expect started marketing in the UK and will move overseas as

ahead to 981p at one point, before dipping after the figures

LEP Group rose strongly after announcing the launch of a revolutionary blood analysis machine which is expected to have a major impact on the diagnostic industry. The shares extract 14 to 145n, after touch gained 14 to 145p, after touching 149p at one stage.

The machine uses a DNA

Shell was the first of the oil

ers to revise their current year profit calculations. Ms Sayers has moved from £250m to

ston Thompson, Wolv. IGIS (3) BB & EA, Glee CHEMICAUS (1) HPC Grp. STORES (1) Lloyds Chambis, ELECTRICALS (3) COT Grp., NEL, Plasmed ENGREERING (2) Cook (W.), Garton Eng. Westward Grp., mber inds., Amer. Bus. Systems, Calestion, Charler Cons., Allert. Septems, Calestion, Charler Cons., Eurotupnet Units, Spandox, SetURANCE (1) Talsho, LESSURE (2) Cityvision, Grampies Tyne Tees, NEWSPAPERS (1) Bristol Eve. Post., PROPERTY (2) Erosin Grp., Warniord Irw., SNEPPING (1) Mersey Dr., Units. TEXTILES (1) Mackey Hugh, TRUSTS (8) Archimedes Inc., Drayton E. Wirnsty. '82-'91.

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NEW HIGHS AND LOWS FOR 1988

APPOINTMENTS

What does 1992 really mean to you in the financial markets? Are you confused by the 1000's of mainly

incomprehensible words written about the progress towards a single European market? Do you find the information available too complicated and packed with legalistic jargon?

Or, is it too superficial to be of any use to you?

AT LAST HELP IS AT HAND FROM THE BANKER

This month, The Banker publishes for the first time a comprehensive, easy-to-follow guide to the financial markets of 1992 in the form of a pull-out wall chart. All relevant directives and recommendations are

laid out clearly. Next to each directive there is an explanation of

And, ranged alongside these directives and recommendations each country is compared showing who has achieved what and who has

Assess at a glance:

* Achievement on any directive * What still has to be done and by when * How a particular European country is

progressing

THE BANKER The Banker Buide to the financial markets of 1992 wall chart.

Plus in this month's issue:

LONDON AS A FINANCIAL CENTRE. Our analytical report includes a comprehensive WHO'S WHO OF FOREIGN BANKS

AND SECURITIES HOUSES IN LONDON. All essential details are included: Location, Status, Management and Staff of every branch, representative office, joint venture and subsidiary.

The Banker, now available from newsagents in Paris, Basle, Zurich, New York, Eastern States and Pick up a copy today.



THE BANKER

Hill Samuel **Bank posts** ■ Appointed to the board of HILL SAMUEL BANK are: Mr

L.W. Priestley, chief executive, TSB England & Wales, Lord Cobbold, Mr R.A. Sansom, Mr R. Starling, Mr. A.E. Valk, and Mr P.S. Whitaker, from the new joint treasury, Mr S. O'Shea, managing director of Hill Samuel Ireland; and Mr J.P. Knights, Mr P.C.C. Sidebottom, and Mr A.J. Parker, Hill Samuel Corporate Finance. The treasury teams of TSB England & Wales and of Hill Samuel have been unified. The new treasury division is lead by Lord Cobbold, who was general manager, financial markets, at TSB. Mr Peter Whitham, head of treasury at Hill Samuel, and Mr Sanson treasurer of TSB; also join the ealers and support staff. FKB GROUP has made the

following appointments to its main operating subsidiary Francis Killingbeck Bain. Mr Robert James, previously managing director, becomes chairman, and will also be esponsible for a number of other subsidiaries. Mr Stephen Cook is made group development director. Mr Peter Le Conte, a director, succeeds director. Mr Alan Thompson is appointed deputy managing

appointed production director of IMI YORKSHIRE ALLOYS, Leeds, an IMI subsidiary. He was works director, McKechnie Brothers, South Africa. ■ Mr David Nelson has been

appointed managing director of FERRO NORMANDY PLASTICS, following the retirement of Mr Norman Dyer. Mr Nelson joins from Whitfield and Son (Plastic Compounders) where he was joint managing director. Mr Jean Huet, who was

previously in New York as deputy general manager of SOCIETE GENERALE's network in the US, has been ppointed UK general manager in London. He succeeds Mr up an appointment in France

director of GKN, has been appointed to the board of WESTLAND GROUP.

■ CIMEX INTERNATIONAL has appointed Mr James Sey as managing director. He was director and general manager of Silenthloc. He succeeds Mr Ray Brown, who has retired.

Mr Peter Yates has been appointed chief executive of Smurfit Cartons (Witham). He was chief executive of Swains

■ RENLOX HOLDINGS has appointed Mr Keith Williams as director responsible for industrial activities, and Mr

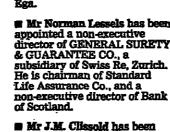


been appointed MIDLAND group strategy director. He was UK hanking payments services director.

appointed managing director of SOUND DIFFUSION, following the resignation of was managing director of Mallinson-Denny,

Mr A. Panl Hopewell has He was finance director of Wormald Ansul (UK).

Mr Clive Robertson has been appointed managing director of DELTA ACCESSORIES AND and a director of Delta Circuit



Protection and Controls. He

ioins from MK, where he was director and general manager,

cable management division,

appointed a non-executive director of R. GRIGGS & CO.

Andrew Newberry as finance

Mr Frank Andrew has been Mr Terry Huggins, Mr Andrew

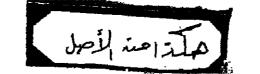
joined the board of LAWTEX, Oldham, as financial director.



Mr David Cheesman, (above) former managing director of Dowty Information Systems, has joined the board of 3i VENTURES. Mr Tony Hyams has been appointed investment director in 8i's Manchester

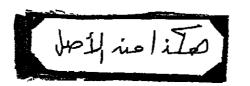
LONDON SHARE SERVICE

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Tough coffee pact talks ahead

THE INTERNATIONAL Coffee Organisation begins key talks on the next coffee agreement in London on Monday with consumer countries determined to ring some important

changes.

Delegates are beginning to feel the pressure of time, as the current agreement expires in September next year. They have to put together proposals which can be discussed at the next ICO Council session in

However, the producer and consumer countries' positions remain far apart. "Producers seem to think there's nothing wrong with the agreement that a bit of spit and polish

sumers believe there are fundamental problems, and the agreement needs renegotiat-

At the last ICO Council meeting in September, producer countries took on board one of the main consumer complaints, and agreed for the first time a complex export quota deal which allowed for robusta and arabica coffees to be treated differently.

But this "selectivity" - designed to give consumers more of the top quality arabica coffees - has not yet brought more coffee onto the market as prices have remained too low. In any case, the complicated rules agreed in September can be seen as "sticking plaster, when major surgery is needed," according to one consumer country.
In addition, the question of

the two-tier market has resur-faced in recent weeks. The sec-ond tier is in coffee from ICO producer members sold at discount prices to countries outside the agreement. It contra-venes ICO rules, and particularly annoys the US,

the biggest single consumer. According to the latest coffee report from E.D. & F. Man, the London trading house, the discounts have reached at least 40 per cent on the price charged to importing ICO

"This apparent disregard for ICO provisions must be due to overriding pressure, and can-not bode well for any succes-

sor to the (current) agreement," says the report.

The situation is exacerbated by excessive world production of coffee, which exceeds demand on a huge scale when Brazil, the world's biggest producer, has a good year, as in 1987/88. That crop year saw world production at 109.3m bags with total offtake of

bout 88m bags. Brazil, however, feels that the current agreement and its export quotas has the advantage of being workable, although it accepts it is far from perfect. It is willing to negotiate changes, but its basic stance next week will probably be to wait for the consumers to come up with something better.

El Salvadorean growers under siege

Tim Coone on problems facing the country's principal export sector

N EL SALVADOR, the humble coffee bean is more than just a commodity. It has traditionally been the the heart and dynamo of the economy, and as such, for those who feel wealth and power have passed them by, it is a metaphor for class struggle

and revolution.
It should be no surprise, therefore, that traders in El Salvadorean arabica beans are finding that their supplies have tailed off in recent years as the eight-year-old war between the Government and the left-wing guerrillas of the FLMLN hastaken its toll. The surprise is perhaps that there are any beans on the market at

At its peak in 1974, El Salvadorean coffee output reached 4.4m quintals (a quintal equals 46 kg). This year exports will probably just top 2m quintals.
According to Mr Francisco
Alfaro Castillo, the president of
the Union of El Salvador Coffee Grower Co-operatives known as Ucafes - the war is only one of the factors depress-

ing production. His union along with several other growers' organisations are at the forefront of a campaign to break the monopoly hold over exports which is currently exercised by the state-run National Coffee

institute (Incafe). The battle goes to the heart of Salvadorean politics. The Christian Democrat (PDC) Government of President Napoleon Duarte, nationalised coffee exports in 1981, as part of a series of reforms, including land reform, which were designed to ease some of the political and social tensions

inthe country.
With coffee being El Salvador's principal foreign exchange earner - accounting for some 55 to 65 per cent of total exports - the big growers and traders have traditionally

NICARAGUA'S coffee exports in the coming are forecast to fall by \$9m because of damage caused by Hurricane Joan, which tore across the country last month, reports Reuter from Managua.

Barricada, the official daily, quoted Mr Salvador Mayorga, Deputy Agriculture Minister, as saying Nicaragua's total exports would reach only \$191m in 1988-89, instead of the planned \$205m.

Private economists say coffee earns the country around \$100m a year. Before the hurricane, Nicaragua had proj-

wielded disproportionate eco-nomic and political power in this tiny country of only 5m people. The most powerful families, the so-called "14 families", have diversified their interests into banking and industry. A further 730 families are thought to earn in excess of \$100,000 per a, after tax, from coffee alone. Between themthey produce 75 per cent of El Salvador's coffee.

When political and military tensions grew in the late 1970s, the flight of capital became a serious problem, and the nationalisation of coffee exports to bring foreign currency movements under direct control of the Central Bank, became inevitable. Bank nationalisations and land reforms (affecting the same families) further set the coffee growers against the govern-

Today that conflict is expressed through the almost visceral bate that members of the right-wing Arena party hold for their colleagues of the PDC. Since last March Arena has controlled the National Assembly and last month it approved a bill to denationalise coffee exports, permitting private growers and traders to

ected coffee production in

1988-89 at 900,000 quintals (100 lb each). In Kampala, meanwhile, Mr Yoweri Museveni, the Ugan-dan President, said he would personally take action to solve the cash crisis at the state-run Coffee Marketing Board, which has been unable to pay millers for some coffee deliv-

eries this year. He said the Government needed a total of 20bn shillings (\$133m) a year as crop finance for coffee, cotton and other farm products. "We are working hard to raise the money," he said.

compete on equal terms with incase. A Presidential veto on the bill is expected any day. Arena, however, is strongly tipped to win the Presidential elections next March, and a lifting of the likely Presidential veto can be expected to be one of the first

expected to be one of the first acts of the new Government. Coffee export taxes are meanwhile one of the Govern-ment's principal sources of income, ranging between 15 and 30 per cent of its tax income in any one year, depending on coffee output and the export price. The burden of the war

means that taxes cannot be eased, and Mr Robert Suarez Suay, the President of Incafe, said recently that the Government will not yield to de-nationalisation either, due to the dangers of false invoicing and capital flight. Dr Fidel Chavez Mena, the candidate for the PDC, insists that a new government under his control will keep the reforms in place. Although the main coffee growing areas are in the west of the country, away from the war zones, the guerrillas have begun spreading their activi-ties further afield, raising fears

among the growers that their

relative immunity from the irecteffects of the war may be

short-lived. What awaits them can be what awaits their can be seen in the province of Usulutan, the only coffee-growing area so far seriously affected by the war. The guerrillas demand war taxes from the big growers and pay rises for the coffee pickers, and burn the owners' farms when they do not pay. Other families which are big in coffee have been the targets of kidnappings and large ransom demands by

the guerrillas. This has been a major factor causing the downturn in coffee output according to Mr Mauricio Gallardo, the acting president of the El Salvador Central Bank.

"Many people have left the country leaving their farms in the hands of administrators which has resulted in less care and attention being given to the plantations," he said. Infla-tion and exchange rate lags have produced price disincen-tives he added, which together with the general air of uncertainty has reduced investment in the coffee sector and encouraged the sale of land for urban development on

city outskirts. In a paper presented at a Ucafes seminar last month, it is estimated that a total of 86,000 hectares of coffee plantations have been abandoned or sold off over the past decade, leaving only 185,000 hectares in production. Of the plantations remaining, 20 per cent require replanting, according to Mr Alfaro Castillo.

This season the plantations have also been adversely affected by a dry spell. Like a regional blight, for the same has happened in

neighbouring Nicaragua, war, class conflict and bad weather sector. have seemingly inflicted lasting damage on what was once a powerhouse of the nation's

Seeds of hope for farm reforms

Continuing our series on EC price support curbs, Tim Dickson gives a progress report on the oilseeds sector

NYONE HOPING for early results from February's wide-rang-ing reforms of EC farm policy need look no further than recent developments in the oil-

Sharp cuts in EC target prices and thus in the level of Community support have been automatically triggered in the automatically triggered in the last two to three months; the costs of the regime are suddenly well within budgetary bounds; and what evidence there is at this stage suggests that rapeseed plantings for next season could be significantly lower than they were for this year's harvest.

This last point is perhaps particularly important and the particularly important and the thought that farmers may at last be getting the right message about the sins of over-

months ago.
Immediate celebrations, Immediate celebrations, however, would be premature. For while the cliseeds "budget stabiliser" is certainly one of the toughest new weapons in the battle against runaway agricultural support spending, the relatively satisfactory "manais! situation at the financial situation at the moment can be attributed largely to external factors, notably the rise in world prices

production appears to have relaxed the most deeply furrowed Brussels brows of 12

as a result of this year's US drought. Longer term, moreover, there are genuine worries that oilseed farmers, threatened by a tightening of the screw, will simply switch production to the more laxly controlled cereals sector, exacerbating surpluses there, while the full entry of Spain into the clive oil regime post-1990 could add a significant new cost to the CAP just when other spending pressures are starting to re-

The biggest danger, though, arguably lies in the very nature of the system for oil-seeds support, which, unlike the regimes for beet, grain and dairy products does not depend on heavy import tariffs as a

means of protecting commu-

MGQ).
According to Mr Giampiero

nity producers.

EC growers of soys, sunflower seed and rape are instead subsidised by a deficiency payment which bridges the gap between world market prices and the EC target price (pagetisted each target price (negotiated each year in the price fixing and designed to ensure them a decent standard of living).

Although the payments are actually made to the seed crushers — to encourage them to use EC supplies rather than imports — the effect is that processors are able to pay EC farmers a relatively more generous price. The catastrophic consequences of all this for the EC

duences of all this for the ISC budget at a time of depressed world prices and a weak US dollar became clear in the mid-1980s. The rising costs of the open ended deficiency payments pushed the budgetary ments pushed the budgetary costs of the sector from Rcu 1.7bn (£1.1bn) in 1964 to well over Ecu 4bn last year — making it the third biggest chunk of the agricultural budget, after dairy and grains. Not surprisingly the decision on oilseeds at the Brussels Summit in February was one

Summit in February was one of the most radical. The so-called "stabiliser" provided for an automatic 0.45 per cent cut in the EC target price in 1988-89 for every one per cent of production above a maximum guaranteed quantity (MGQ), rising to a 0.5 per cent penalty in 1989-90 and 1990-91. it is this mechanism which has recently been activated, prompting price cuts of nearly 20 per cent for sunflowerseed (based on a production esti-mate of 2.88m. tonnes and an MGQ of 2m tonnes for the Community excluding Spain and Portugal), 7.65 per cent for rapeseed (production 5.3m tonnes, MGQ 4.5m tonnes) and 10.35 per cent for soya (1.6m tonnes against a 1.3m tonnes

Schiratti, Director of International Affairs at the Commission and an expert on the oil-seeds regime, the direct impact on farmers is rather less dramatic because of the way the aid is distributed. But he nevertheless believes "a clear signal" has now been sent to producers. "Soya and sunflow-ersed are sown in the spring but our early indications are that there has been a reduction in the areas of rapeseed

planted," he says.

A key question, he admits, is to what extent producers will be tempted to switch into cereals. The stabiliser price cuts for oilseeds can be negated if production comes negated it production comes back under control - unlike the situation in cereals, where the threshold (or GMQ), once exceeded, results in a permanent price cut, albeit of no more than 3 per cent. In cereals, furthermore, the price cuts are implemented in the season following that in which

the threshold is exceeded.
In the oilseeds sector the stahitiser contains no upper limit and is directly proportional to overproduction, whatever its extent Much to the concern of farm organisations like Britain's National Farmers' Union the cuts also take place in the same marketing year, with all the difficulties which that implies for forward

planning.

The significant underspending in this year's budget — Ecu 3.915bn against an anticipated Ecu 4.6bn. – is almost entirely the consequence of the steep rise in world prices, and hence reductions in EC support payments, brought about by the US drought and crop shortages elsewhere. Nothing that happened in February makes the Community any less vulnera-

market trends. The impact of the stabiliser, on the other hand, will help market men stick to the Ecu 4.8bn which is written into the preliminary draft budget for 1989, though according to Mr. Schiratti much will depend on both the size of next year's US both the size of next year's US
soyahean output (expected to
increase after changes in local
acreage set-aside rules) and the
level of palm oil imports from
Southeast Asian countries.

The Commission is working
on the assumption that the

EC's own production will be The immediate outlook for

olive oil, which has a different and more complex support system, including buying in to intervention stores, is relatively healthy.

Stocks, at 400,000 tonnes are large by historical standards but if predictions of lower harvests next year in Raly and Spain prove correct, much of this should be absorbed. Problems could arise, however, at the end of the transitional period for the Iberian countries in 1990, when Spain will bene-fit from the full range of EC olive oil supports and when new opportunities to promote competing oils will arise.

On the political front the bit-terness in EC/US relations created by last year's controversial plans for an oils and fats tax is set to continue. The ofis and fats proposal - es otis and fats proposal — essentially designed to reinforce the principle of Community preference — now seems a dead letter, but Washington has taken up the attack by mounting a challenge to the whole EC oilseeds regime via a General Agreement on Tariffs and Trade (Gatt) panel.

Brussels is confident, though not certain, that it will win but many member states are furious that the US should take this action 22 years after the support system for the sector was introduced. The distant rumblings of a trade war are audible to more sensitively

Peruvian miners' strike becoming increasingly bitter

By Veronica Baruffati in Lima

THE PERUVIAN miners' strike, now well into its fourth week, is becoming increasingly week, is becoming increasingly
hitter, with company managements alleging that the stoppage is only being kept going
by radical manipulation and
intimidation, and miners' leaders calling for the nationalisation of the whole mining

More than 90 per cent of Peru's miners have now downed tools and the strike, together with a 29-day stoppage earlier in the year, is

US MARKETS

IN THE METALS, con

estimated to have taken the cost to the country in lost exports to over \$250m.
The National Federation of Miners. Metallurgical and Steel Workers is still doggedly refusing to budge from its demand for negotiations with

the Government on its industry-wide claim.

The matter is now before the

Supreme Court, which could settle the dispute by ordering the Ministry of Labour to who opposed the strike have been assassinated and many negotiate.
Meanwhile, the National

Mining Society, representing the employees, has broken its long silence on the matter. received similar threats," he claimed. At a press conference on Wednesday Mr Reynaldo Gub-bins, President of the society, He reiterated that the

mining companies were willing to discuss directly with the miners, but not with a said most miners were on federation representing the strike because of pressures and threats from "outside groups" who had nothing to do with interests of a few "politicised" the miners or mining compa-

Mr Florencio Mamani de la Torre, a senior official of the federation, announced on Wednesday that it was now demanding that the mining sector be nationalised

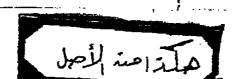
LONDON MARKETS COPPER prices tell sharply on the LME yesterday after earlier hitting a new dollar-based high of \$2,983 a tonne. Profit-taking emerged in both London and New York, leaving prices down on the day at the close. However, traders said the market remained fundamentally sound. Aluminium prices followed copper down. rompting liquidation orders and triggering some stop-loss selling. News that IPAI September munist stocks were down by 36,000 tonnes was in the middle of market forecasts and made no impact on prices, traders said. In the buillion markets, platinum prices closed little changed after rising sharply in the morning before falling back after a decline in New York, where an expected attempt on the key \$600 ar unce level failed to materialise. Gold prices also declined.

SPOT MARKETS		
Crude oil (per barrel FOS)		+ or ·
Dubal	\$10.45-0.60×	
Brent Blend	\$13 00-3 05x	+0.20
WTI (T pm est)	514.10-4 13x	+0.34
Oil products	CID	
(NWE prompt delivery per I	Conne City	+ 0.
S-1 S	2432 181	<u> </u>
Premium Greoline Gas Oil	\$178-181 \$126-128	+3
Heavy Fuel Oil	\$60-62	+0.5
Naphtha	\$132-134	+3
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy ox	\$419.75	-1.25
Silver (per troy ozi-	649c	+5
Platinum (per troy oz) Paltadium (per troy oz)	\$578 5 \$125.75	+ 1.5 + 1.00
Aluminium (free market)	\$2585	-20 + 4%
Copper (US Producer) Lead (US Producer)	154 % - 1600 40 % C	TTT
Nackel (free market)	570c	+20
Tin (European free market)	C4135	-30
Tin (Kuala Lumpur markel)		-0.11
Tin (New York)	342.5c \$1475	-1.0
Zine (Euro, Prod. Price) Zinc (US Prime Western)	70% c	
Casie (live weight)† Sheep (dead weight)†	114 15p 174,19p	+2.67° +7.46°
Pigs live weight f	80.480	+396
	\$274.4W	+5.2
London daily sugar (retr) London daily sugar (white)		+6.0
Tale and Lyle export price	£262.0	+20
Sarley (English feed)	£111.53	
Maire (US No. 3 yellow)	£125.25	-0.25
Wheat (US Dark Northern)	£117.25w	-1.00
Rubber (spot)♥	53,250	-0.50
Rings (Dec) €	60.25p	-0.50
Rusber (Jan) 🛡	60.75p	-0.50
Rubber (NL RSS No 1 Dec)	278.0m	-10
Coconut oil (Philippines)	\$572.5w	-26
Pelm Oil (Malaysian)\$	\$415	-2.5
Copts (Philippines)\$	\$365± \$168	-\$ -3.5
Soyabeans (US) Cotton "A" Index	56.40	+0.1
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ep lec	852 877	872 900	864 839 890 867	Abandaha	n 99 5%	curity (C	per tonne)			Ring to	Prover 1,050 tons
lar_	885	909	902 576	Cests	1400-1		1440-5		1410-6	rang u	- 1,000 total
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ica for	Nov 9:		78.42):10 day ever-	Copper, (krade A	(E per ton	ne)			Ring tu	nover 32,200 tons
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lov	1115	1117	T110	Cash	644-7		540-2		648-50		
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ile .	Close	Previous	High/Low	Cash	1540-		1540-60	1560	1560-5		
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C II II II II II II II II II II II II II	Ciose 124.00 123.00 122.00 122.00 118.25 115.50 114.50 114.00 3290 (5	121.75 120.75 119.75 119.75 117.00 114.00 113.50 113.25 559) lots of	124.00 122.75 123.25 122.00 122.00 121.00 118.50 117.50 115.50 114.75 174.00 115.00 114.00 100 tonnes	Nov Dec Jan Apr Jul 8F1	FUTURE Clone 1470 1505 1524 1534 1366 1424	Previous 1464 1503 1517 1549 1363 1420	20 tonnes. 2x point High/Low 1470 1467 1505 1529 1518 1554 1549		Coins Mapielast Britannia US Eagle Angel Kruperrand New Sov. Old Sov.	5 price 52-437 432-437 432-437 433-438 618-21 98-1-99-1 ₂ 98-1 ₂ -90-1 ₂	£ equivalent 241-244 241-244 241-2-244/ ₂ 233-235 55-55 ½ 55-55 ½
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C I I I I I I I I I I I I I I I I I I I	Close 124.00 123.00 123.00 122.00 118.25 115.50 114.50 114.00 13290 (5	121.75 120.75 119.75 119.75 117.00 114.00 113.50 113.25 859) lots of Previous 108.50	124.00 122.75 123.25 122.00 122.00 121.00 118.50 117.50 115.50 114.75 114.00 115.00 114.00 100 tonnes	Nov Dec Jan Apr Jul 8F1	FUTURE Clone 1470 1505 1524 1534 1366 1424	Previous 1464 1503 1517 1549 1363 1420	20 tonnes. 2x point High/Low 1470 1467 1505 1529 1518 1554 1549	=======================================	Colun Colun Hapieland Britannia US Engle Angel Kruperrand New Sov. Old Sov. Noble Plat Silver (IX	\$ price \$32-537 \$32-537 \$32-537 \$32-537 \$32-537 \$32-539 \$18-621 \$931_9912 \$603.85-610.75	£ equivalent 241-244 241-244 241-242 213-235 55-55 ½ 55-55 ½ 55-55 ½ US eta equiv 651.75
TOVE	Close 124.00 123.00 122.00 122.00 118.25 115.50 114.50 114.00 114.00 £/tonne	121.75 120.75 119.75 119.75 117.00 114.00 113.50 113.25 659) lots of	124.00 122.75 123.25 122.00 122.00 121.00 118.50 117.50 115.50 114.75 114.00 118.00 114.00 100 tonnes High/Low 108.65 112.05 111.75	Nov Dec Jan Apr Jul BFI Turnover	FUTURE Close 1470 1506 1534 1534 1336 1434 234 (32)	Previous 1464 1517 1519 1363 1420 150 150 150 150 150 150 150 150 150 15	20 Ionnes. lex point High/Low 1470 1487 1505 1529 1518 1554 1549 1365		Colons Maplelant Britannia US Engle Angel Kruperrand New Sov. Old Sov. Noble Plat Sliver fix Spot	5 price 5 price 432-437 432-437 432-437 433-438 618-421 98-1 ₂ -90-1 ₂ 603.85-610.75 p/fine oz	£ equivalent 241-244 241-244 241-244 241-2-2432 233-235 55-53 k 55-53 k 336.50-340.35 US cts equiv 681.76 666.25
ARIS	Close 124.00 123.00 122.00 122.00 118.25 115.50 114.50 114.00 13290 (5 £/tonne Close 108 65 112.05	121.75 120.75 110.75 119.75 117.00 114.00 113.50 113.25 559) lots of Previous 106.50 111.65	124.00 122.75 123.25 122.00 122.00 121.00 118.50 117.50 115.50 114.75 114.00 115.00 114.00 100 tonnes	Nov Dec Jan Apr Jul BFI Turnover	FUTURE Close 1470 1505 1504 1534 1534 1424 234 (32 AMD VI 5ROWN:	Previous 1464 1503 1517 1549 1363 1420 BOSTAIRS Sportan as	20 tonnes. ex point High/Low 1470 1467 1505 1529 1518 1554 1549 1365		Colon Colon Mapletand Britannia US Engle Angel Kruperrand New Sov. Old Sov. Noble Plat Sliver fix Spot 5 months 6 months	\$ price \$32-437 \$32-437 \$32-437 \$32-437 \$33-438 \$18-421 \$83-2-90-12 \$83-2-90-12 \$63-2-5-10,75 \$73,75 \$34-35	£ equivalent 241-244 241-244 241-2442 233-235 55-5514 55-6531 336.50-340.35 US cta equiv 851.75 666-25 880.60
AINS	Ciose 124.00 123.00 122.00 118.25 115.50 114.50 114.00 13290 (5 £/tonna Ciose 108 65 112.05 115.40	121.75 120.75 120.75 110.75 110.75 1110.75 114.00 114.00 113.50 113.50 113.25 639) lots of Previous 108.50 111.65 115.00 118.10	124.00 122.73 123.25 122.00 122.00 121.00 118.50 117.50 115.50 114.75 114.75 114.00 115.00 114.00 100 tonnes 108.65 112.05 111.75 115.40 115.15 116.50 118.25	Nov Dec Jam Apr Jul BFI Turnover FRART HOMES	FUTURE Close 1470 1505 1524 1534 1335 1424 234 (32 AND VI	Previous 1464 1503 1517 1503 1517 1543 1420 5)	20 tonnes. lex point High/Low High/Low 1470 1457 1505 1529 1519 1554 1549 1365	e and	Colons Maplelant Britannia US Engle Angel Kruperrand New Sov. Old Sov. Noble Plat Sliver fix Spot	5 price 5 price 432-437 432-437 432-437 433-438 618-421 98-1 ₂ -90-1 ₂ 603.85-610.75 p/fine oz	£ equivalent 241-244 241-244 241-244 241-2-2432 233-235 55-53 k 55-53 k 336.50-340.35 US cts equiv 681.76 666.25
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CONTROL OF THE PROPERTY OF THE	Ciose 124.00 123.00 123.00 123.00 123.00 118.25 115.50 114.50 114.40 13290 (5 £/tonna Close 108.65 112.05 115.45 106.45 106.45 106.35 111.45 111.45	121.75 120.75 119.75 119.75 117.00 114.00 113.40 113.25 859) lots of Previous 106.50 111.65 115.00 Previous 104.76 107.80 110.85 112.90	124.00 122.75 123.25 122.00 122.00 121.00 118.50 117.50 115.50 114.75 114.00 100 tonnes High/Low 100.65 112.05 111.75 115.40 115.15 116.50 118.25 High/Low 105.45 105.00 106.35 106.00 111.45 111.10 113.10 113.00	Nov Doc Jam Apr Jul BFI Turnover FRART HOME 30-45p British Americ 45-60p, Italian	FUTURE Close 1470 1506 1524 1386 1424 234 (32 234 (32 234 (32 234 (32 234 (32 234 (32 234 (32 234 (32) 234 (32)	Previous 1464 1503 1519 1363 1420 BOSTANS BOS	ex point High/Low High/Low 1470 1457 1505 1529 1518 1554 1549 1365 High/Low 1564 1366 High/Low 1564 1366 High/Low 1564 1366 High/Low 1564 High/Low	e and idely ofirst sie at le	Colon Colon Hapteland Britannia US Engle Angel Kruperrand New Sov. Old Sov. Noble Plat Silver (IX Spot 6 months 12 months	\$ price \$32-437 432-437 432-437 432-437 432-437 432-437 432-437 98-12-99-12 98-12-99-12 98-12-99-12 98-12-99-13 98-12-99-13 98-13-98-13-13-13 \$75-75 \$62.75 \$75-75 \$94.36 406.85	£ equivalent 241-244 241-244 241-244 241-2-24412 233-236 55-5514 336.50-340.35 US cta equiv 651.75 666.25 699.60 710.65
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C TO TO THE TO T	Close 124.00 123.00 122.00 122.00 122.00 122.01 122.05 118.25 114.50 114.50 114.50 114.50 114.50 114.50 114.50 114.50 115.40 115.40 118.50 Close 105.45 106.35 111.15 113.16	121.75 120.75 119.75 119.75 117.00 114.00 113.40 113.25 859) lots of Previous 106.50 111.65 115.00 Previous 104.76 107.80 110.85 112.90	124.00 122.75 123.25 122.00 122.00 121.00 118.50 117.50 115.50 114.75 174.00 118.00 114.00 100 tonnes High/Low 100.65 112.05 111.75 115.40 115.15 118.50 118.25 High/Low 103.45 105.00 108.35 105.00 111.45 111.10 Barley 183 (71)	New Dec Jan Apr Jul SFI Turnover HOMES 30-45p British Americ A5-60p, ballan clemen the Mai	FUTURE Close 1470 1506 1506 1534 1326 1424 234 (322 AND VI SROWN: 49-50p) Columbia is at 49-60p	Previous 1464 1503 1517 1549 1363 1460 9 Sperien ag while We sen red de Stop, report	ex point High/Low High/Low 1470 1467 1505 1518 1528 1518 1554 1549 1365 Ea opples are pile shington Statilicious are with a siec swallaturrivals inctude of with the siece	in and idely offret ple at le of eart of	Colum Colum Lispiesed Britannia US Engle Angel Kruperrand New Sov. Old Sov. Noble Plat Shwer fix Spot 5 months 6 months 12 months LOSEDOS HEET. Alambilum (38	\$ price \$ \$ price \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	£ equivalent 241-244 241-244 241-2442 233-236 55-55 1 55-55 1 336.50-340.35 US cta equiv 651.75 666.25 690.60 710.65
In the state of th	Close 124.00 123.00 123.00 122.00 118.25 115.50 114.50 114.40 13290 (5 £/tonna Close 108.65 112.05 115.40 118.40 108.45 108.35 111.45 111.45 113.10 Close 108.45 108.35 111.45 111.45 111.45	121.75 120.75 119.75 117.00 114.00 113.40 113.25 859) lots of Previous 106.50 111.65 115.00 Previous 104.75 107.80 110.85 112.80 246 (132) , 100 tonnes.	124.00 122.75 123.25 122.00 122.00 121.00 118.50 117.50 115.50 114.75 174.00 118.00 114.00 100 tonnes High/Low 100.65 112.05 111.75 115.40 115.15 118.50 118.25 High/Low 103.45 105.00 108.35 105.00 111.45 111.10 Barley 183 (71)	Nov Dec Jan Apr Jul 8FF Turnover HOMES 39-459 British svailab America 45-60p, Ballan clemen the Mai basana Homes	FUTURE Close 1470 1505 1505 1504 1504 1504 1504 1504 150	Previous 1464 1503 1519 1519 1549 1563 1420 5) BOSTANS BOSTANS BOSTON SON FORD FORD FORD FORD FORD FORD FORD FORD	20 tonnes. 2x point High/Low 1470 1487 1506 1529 1518 1554 1549 1365 1506 1506 1506 1506 1506 1506 1506 15	es and idely offest sie at ie of eart of 1-40p).	Colon Colon Hapteland Britannia US Engle Angel Kruperrand New Sov. Old Sov. Noble Plat Silver fix Spot 5 months 12 months 12 months 12 months 13 months 14 months 15 months 16 months 17 months 18 months 18 months 18 months 18 months 19 months 19 months 10 months 10 months 10 months 10 months 11 months 12 months 13 months 14 months 15 months 16 months 17 months 18 months 18 months 18 months 19 months 19 months 19 months 10 months 1	\$ price \$ \$ price \$ \$24.57 \$ \$ \$2.437 \$ \$ \$2.437 \$ \$ \$2.437 \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	£ equivalent 241-244 241-244 241-2442 233-236 55-55 14 55-55 14 336.50-340.35 US cta equiv 651.75 666.25 690.60 710.65 TRADED OPTION
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C T T T T T T T T T T T T T T T T T T T	Close 124.00 123.00 123.00 123.00 123.00 123.00 123.00 118.25 115.50 114.50 114.40 13290 (5 £/tonna Close 108.65 112.05 115.45 108.35 111.45 1	121.75 120.75 1119.75 117.00 114.00 113.40 113.25 639) lots of Previous 106.50 111.65 115.00 Previous 104.75 107.80 110.85 112.90 246 (132) , 100 tonnes.	124.00 122.75 123.25 122.00 122.00 121.00 118.50 117.50 115.50 114.75 174.00 118.00 114.00 100 tonnes High/Low 100.65 112.05 111.75 115.40 115.15 118.50 118.25 High/Low 103.45 105.00 108.35 105.00 111.45 111.10 Barley 183 (71)	PRESENT Nov Dec Jan Apr Jul BFI Turnover HOMEC FREST HOMEC 45-60p, Italian clemen the Man bensam Homeg caulilion norter	FUTURE Close 1470 1505 1505 1554 1336 1424 234 (32 234 (32 24) 40-50p), Columbia is at 45-4 white of obersimm tines have the season rown call were 35- this were this were	Previous 1464 1503 1517 1549 1363 1420 1540 1540 1540 1640 1640 1640 1640 1640 1640 1640 16	ex point High/Low 1470 1457 1505 1529 1518 1554 1549 1565 1578 1565 1578 1578 1578 1578 1578 1578 1578 157	dely sist sie at le sof mart of le sof mart of le sof mart of le sof mart of le sof le	Colon Colon Hapteland Britannia US Engle Angel Kruperrand New Sov. Old Sov. Noble Plat Silver fix Spot 5 months 12 months 12 months 12 months 13 months 14 months 15 months 16 months 17 months 18 months 18 months 18 months 18 months 19 months 19 months 10 months 10 months 10 months 10 months 11 months 12 months 13 months 14 months 15 months 16 months 17 months 18 months 18 months 18 months 19 months 19 months 19 months 10 months 1	\$ price \$ price \$ \$ price \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	£ equivalent 241-244 241-244 241-2442 233-236 55-55 14 55-65 14 336.50-340.35 US cta equiv 651.75 666.25 680.60 710.65 TRASED OPTION
ARIS	Close 124.00 123.00 123.00 122.00 118.25 115.50 114.00 13290 (5 £/tonna Close 108.65 112.06 115.40 118.50 Close 105.45 106.35 111.45 114.45 116.50 Close 105.45 116.50 Close 116.50	121.75 120.75 1119.75 117.00 114.00 113.50 113.50 113.25 8589 lots of Previous 108.50 111.85 115.00 116.10 Previous 104.75 107.80 110.85 112.90 110.85 112.90 110.85 112.90 110.85 112.90	124.00 122.73 123.25 122.00 122.00 121.00 118.50 117.50 115.50 114.75 114.00 115.00 114.00 100 tonnes High/Low 108.65 112.05 111.75 115.40 115.15 118.50 118.25 High/Low 108.45 105.00 108.35 108.00 108.35 108.00 108.35 108.00 108.35 108.00 108.35 108.00 108.35 108.00 108.35 108.00 108.35 108.00 108.35 108.00 108.35 108.00 108.35 108.00 108.35 108.00 108.35 108.00 108.35 108.00 108.37 108.00 108.37 108.00 108.37 108.00 108.38 108.00	Nov Dec Jam Apr Jul 8FF Turnover FRART HOMES Americ 45-00p, Ballan Iclemen the Main Homes cauling shorter quality season	FUTURE Close 1470 1504 1504 1504 1504 1504 1504 1604 1604 1604 1604 1604 1604 1604 16	Previous 1464 1503 1817 1869 1863 1420 1868 1868 1868 1868 1868 1868 1868 186	ex point High/Low High/Low 1470 1457 1505 1529 1518 1554 1549 1565 1549 1565 1549 1565 1549 1565 1549 1565 1549 1565 1549 1565 1549 1565 1549 1565 1549 1565 1549 1565 1549 1565 1549 1566 1549 1546 1569 1569	se and dely so first sie at si	Colum Colum Lipidead Mapleland Martinania US Engle Angel Kruperrand New Sov. Nobite Plat Shwer fix Spot Tomorths Tomorths Lossocial Lossocial Lossocial Strike price \$ 200 2500	\$ price \$ \$ price \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	£ equivalent 241-244 241-244 241-2-24432 233-235 55-55 1; 55-55 1; 55-55 1; 55-55 1; 55-55 1; 56-55 25 880.50 710.85 TRANSED OPTIONS Ide Puts Mar Jan Mar 229 64 177 184 101 222 145 151 282
ARIS ARIS TATO	Close 124.00 123.00 123.00 123.00 123.00 123.00 123.00 118.25 115.50 114.50 114.40 13290 (5 £/tonna Close 108.65 112.05 115.45 108.35 111.45 1	121.75 120.75 1119.75 117.00 114.00 113.40 113.25 639) lots of Previous 106.50 111.65 115.00 Previous 104.75 107.80 110.85 112.90 246 (132) , 100 tonnes.	124.00 122.73 123.25 122.00 122.00 121.00 118.50 117.50 115.50 114.75 114.00 115.00 114.00 100 tonnes High/Low 108.65 112.05 111.75 115.40 115.15 118.50 118.25 High/Low 108.45 105.00 108.35 108.00 108.35 108.00 108.35 108.00 108.35 108.00 108.35 108.00 108.35 108.00 108.35 108.00 108.35 108.00 108.35 108.00 108.35 108.00 108.35 108.00 108.37 108.00 High/Low High/Low High/Low	Nov Dec Jen Apr Jul 8FF Turnover HOMES 39-459 British svailab America 45-60p, Ballan Homes caudity season are 25-	FUTURE Close 1470 1505 1505 1504 1504 1504 1504 1504 150	Previous 1464 1503 1464 1503 1469 1363 1463 1463 1463 Spartan ag white Wa an red de 50p, report compire are free improve on 40-80p is good val abrees \$5 669 (30-60) is due to r ood. The h right o a cid sol, white	ex point High/Low 1470 1457 1505 1529 1518 1554 1549 1565 1578 1565 1578 1578 1578 1578 1578 1578 1578 157	as and dely before the state of	Colum Colum Logician Mapician Mapician Britannia US Engle Angel Kruperrand New Sov. Nobite Plat Striker (tx Spot Tomoths 6 months 12 months 12 months Strike price \$ 2000 2000	\$ price \$ \$ price \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	£ equivalent 241-244 241-244 241-2-24412 233-236 55-55 1 ₄ 55-55

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alent			*******	High/Los	
344	Nov Dec	419.0 420.5	423.1	421.0 424.2	421, 420,
*	Jen	423.0	427.2	0	0
	Feb	425.5	429.8	429.0 434.4	425 430
	Apr Jun	430.6 435.7	435.0 440.2	440.0	435
	Aug	441.4	445.9	443.1	443
	Oct Dec	447.1 462.7	451.5 457.2	449.5 457.0	448. 463.
Signal.					400
	PLAII		roy oz, Mire		_
		Close	Previous	High/Lov	
	Jen	579.7	590.6	583.9	576.
42	Apr	576.0	886.7 500 F	590.0 592.0	574. 580.
	Jul Oct	577.2 578.7	596.5 591.3	567.0	584.
	Jan	584.2	595.8	0	8
10.35	SILVE	R 5,000 tr	oy oz, cent	JEOY OZ.	
					,
		Close	Previous	High/Low	
quiv		Close	Previous	High/Lon	
iquiv	Nov Dec	641,1 644,0	Previous 654.8 658.0	#19tVL04 948.0 959.0	648 643.
iquiv	Nov Dec Jan	641,1 644,0 648,8	554.8 658.0 652.9	948.0 959.0 0	648. 643.
idnia	Nov Dec Jan Mar	641,1 844,0 648,8 658,1	654.8 658.0 662.9 673.3	948.0 969.0 0	648 643. 0
dna	Nov Dec Jen Mar May Jul	641,1 644,0 648,8	654.8 658.0 662.9 673.3 683.4	948.0 959.0 0	648. 643. 0 659. 672.
dnia	Nov Dec Jen Mer May Jul Sep	641,1 644,0 648,8 639,1 669,1 679,5 689,7	554.8 858.0 662.9 673.3 683.4 693.9 704.2	948.0 959.0 0 672.0 680.0 691.0	648. 643. 0 659. 672. 679.
din	Nov Dec Jan Mar May Jul Sep Dec	641.1 644.0 648.8 659.1 669.1 679.5 689.7 705.4	554.8 858.0 662.9 673.3 683.4 693.9 704.2 720.0	848.0 959.0 0 672.0 680.0 681.0 692.0 718.0	648.0 643.0 659.0 672.0 672.0 672.0 712.0
PITONS	Nov Dec Jan Mar May Jul Sep Dec Jan	641,1 644,0 648,8 639,1 669,1 679,5 689,7	554.8 858.0 662.9 673.3 683.4 693.9 704.2	948.0 959.0 0 672.0 680.0 691.0	648. 643. 0 659. 672. 679.
PTIONS	Nov Dec Jan Mar May Jul Sep Dec Jan Mar	641.1 844.0 646.8 659.1 669.1 679.5 689.7 705.4 710.5 722.2	554.8 558.0 662.9 673.3 683.4 683.9 704.2 720.0 725.1 736.9	648.6 869.0 672.0 680.0 681.0 682.0 718.0 0	648. 643. 672. 672. 672. 672. 712.
Puts	Nov Dec Jan Mar May Jul Sep Dec Jan Mar	641,1 644,0 648,8 659,1 669,1 679,5 689,7 705,4 710,5 722,2 ER 25,000	554.8 558.0 652.9 673.3 683.4 683.9 704.2 720.0 725.1 736.9 The; cents/	648.6 959.0 672.0 680.0 681.0 682.0 718.0 0	648, 643, 672, 672, 672, 712, 0
Puts Mar	Nov Dec Jen Mar May Jul Sep Dec Jen Mar COPP	641.1 644.0 646.8 659.1 669.1 679.5 689.7 705.4 710.5 722.2 ER 25,000 Close	554.8 558.0 562.9 673.3 883.4 693.9 704.2 720.0 725.1 736.9 Tod; cents//	948.0 969.0 672.0 680.0 681.0 692.0 718.0 0	648.3 643.0 669.672.3 679.679.7 0 . 0
Puts Mar	Nov Dec Jan Mar May Jul Sep Dec Jan Mar COPP	641.1 644.0 648.8 659.1 659.7 679.5 689.7 705.4 710.5 722.2 ER 25,000 Close	654.8 658.0 662.9 673.3 683.4 683.9 704.2 720.0 725.1 736.9 Ibe; cents// Previous	948.0 969.0 672.0 680.0 681.0 682.0 718.0 0 0 High/Low	648.3 643.0 672.3 672.3 672.7 12.0
Puts Mar	Nov Dec Jen Mar May Jul Sep Dec Jen Mar COPP	641.1 644.0 646.8 659.1 669.1 679.5 689.7 705.4 710.5 722.2 ER 25,000 Close	554.8 558.0 562.9 673.3 883.4 693.9 704.2 720.0 725.1 736.9 Tod; cents//	948.0 959.0 0 572.0 680.0 681.0 682.0 718.0 0 0 143.30 147.50 0	648. 643. 672. 672. 672. 712. 0
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Puts Mar 171 223 282 Puts	Nov Dec Jen Mer Mer Jul Sep Dec Jen Mer Dec Jen Mer Lley	641.1 644.0 648.8 659.1 659.7 705.4 710.5 722.2 ER 25,000 143.25 136.75 129.25 114.00	654.8 658.0 652.9 673.3 683.4 683.9 704.2 720.0 725.1 736.9 Ibe; cente// Previous 162.00 145.60 136.60 114.00	948.0 959.0 0 672.0 680.0 681.0 778.0 0 0 143.0 0 143.0 0 122.80	648. 643. 672. 672. 672. 712. 0
PUTIONS Puts Mar 171 223 282 Puts 242	Nov Dec Jan Mar May Jul Sep Dec Jan Mar Lay Jul	641.1 644.0 648.8 648.8 668.1 679.5 689.7 705.4 710.5 722.2 ER 25,000 Close 141.25 136,75 129.25	654.8 658.0 662.9 673.3 683.4 693.9 704.2 725.1 736.9 Tper contal/ 736.9 Tper contal/ 145.60 136.60	948.0 959.0 0 672.0 690.0 691.0 718.0 0 0 143.30 147.50 0 112.80 115.00 112.80	648. 643. 672. 672. 672. 712. 0 143. 143. 143.
Puts Mar 171 223 282 Puts	Nov Dec Jen Mer Mer Jul Sep Dec Jen Mer Dec Jen Mer Lley	641.1 644.0 648.8 658.1 659.7 705.4 710.5 722.2 ER 25,000 143.25 138.75 129.25 114.00 106.60	654.8 658.0 652.9 673.3 683.4 683.9 704.2 720.0 725.1 736.9 Ibe; cente// Previous 162.00 145.60 136.60 114.00	948.0 959.0 0 72.0 650.0 682.0 718.0 0 0 147.50 147.50 0 122.50 115.00 112.60	648. 643. 672. 672. 672. 672. 712. 0 0
Puts Mar 171 223 282 242 354	Nov Dec Jan Mar May Jul Sep Dec Jan Mar Hay Jan Mar Hay Jul Sep	641.1 644.0 648.8 558.1 669.1 679.5 705.4 710.5 722.2 ER 25,000 Glose 143.25 138.75 129.25 114.00 108.00 103.20	554.8 558.0 652.9 673.3 683.4 683.4 683.9 704.2 720.0 725.1 736.9 Tag. Conta/ 736.9 Tag. Conta/ 136.60 136.60 131.10 111.40 111.	948.0 959.0 0 672.0 690.0 691.0 718.0 0 0 143.30 147.50 0 112.80 115.00 112.80	648. 643. 672. 672. 672. 772. 6 0 143. 136. 6

		- Lab							
CRUE			US galia \$		Cn.	icag	O .		
	Letest	Previous	-		SOYA	BEANS 5,	000 bu min; o	cents/60tb b	ishel
Dec Jen	14.19 14.13	13.86 13.86	14.23 14.17	13.90 13.86		Close	Previous	High/Low	
Feb	14.11	13.85	14.16	13.86	Nov	773/0	796/4	802/0	78
4er	14.12	13.89	14,17	13.89	Jen	783/0	808/2	815/4	78
tey turi	14.15 14.25	18.97 14.01	14.17 14.25	14.00 14.06	Mar	791/2	818/4	825/0	78
	14.21	14.05	14.26	14,13	Nay Jul	792/0 794/0	819/0 816/4	826/0	79
wg	14.31	14.09	14,31	14.15	Aug	782/0	807/0	823/0 812/0	790 782
iep	14.28	14,13	14.23	14.23	Sep	750/0	765/0	771/0	750
		2 000 118 4	ells, cents	TIC COLL	- Nov	725/2	738/6	742/4	72
					- SOYA	BEAN OIL	. 60,000 ibs; (cents/lb	
	Latest	Previous	<u> </u>		. —	Close	Previous	High/Low	
Dec Jen	4470 4440	4452 4430	4490 4480	4405 4395	Dec	22.42	22.95	23.14	22
-eb	4360	4336	4375	4310	Jan	22.67	23.23	23.42	22
ler'	4170	4136	4180	4125	Mar May	23.21 23.70	23.73 24.28	23.85	23
Apr Very	3990 3560	3945 3836	3860	3940 3825	- May	24.17	24.57	24.40 24.80	23. 24.
kun.	3820	3785	3820	3780	Aug	24.30	24.60	24.80	24
ha	3800	3786	3800	3900	Sep	24,50	24.70	24.50	24
COC	DA 10 ton	neu;\$/tonn	98		_ Oct	24.65	24.85	24.80	24.
	Close	Previous			AUYA	BEAN ME	AL 100 tons;	\$/ton	
Dec	1408	1423	1428	1384		Ciose	Previous	High/Low	
Маг	1432	1441	. 1440	1395	Dec	256,7	263.3	288.7	25
May	1428	1442	-1435	1396	Jen	257.0	263.5	268.5	25
lui Sep	1433 1438	1456	1435 1425	1403 1415	· Mar	255.2	261.6 ·	265.8	250
)ac	1452	1475	1446	1417	May Jul	253.0 247.5	257.2 252.2	259.0 253.0	250 240
Aer*	1480	1505	1480	1450	. Aug	240.5	246.0	245.5	24
:OFT	TE "C" S	7,500Ebs; ca	nts/lbs		Sep	234.0	238.0	238.0	234
_	Close	Previous			. Oct	224,0	228.0	229.8	22
ec	127.86	126.98	127.95	127.10	MAIZE	5,000 bu	min; cents/5	dib bushel	
ler .	127.45	126.80	127.80	126.85		Close	Previous	High/Low	_
day u	126,47 125,75	125.77 125.28	127.35 126.50	126.25	Dec	274/4	279/2	278/2	_
lep	125.25	125.13	125.75	126.00 125.75	Mar	280/4	286/0	285/2	27: 27:
)ec	124.63	123.50	125.50	125.50	May	284/4	289/4	289/0	28
ler_	124.00	124.00	0	0	-Jul . Sep	. <u>284/4</u> 289/0	289/0 271/2	288/6	28
UGA	R WORL	***** 112	000 lbs; ce	nts/fbs	Dec	259/4	261/4	272/2 262/4	25 25
	Close	Previous	Nigh/Lot		Mer	255/0	267/0	267/0	265
	9.83	9.90	10.15	10.02	WHEA	T 5.000 hu	min; cents/	Ofth bushel	_
dar	10.33	10.36	10:87	10.17					
Hay Ka	10.06 \$.90	10.12 \$.82	10.09 9,90	8.23 6.77		Close.	Previous	High/Low	_
œ	9.77	9.79	9.78	9.77 9.83	i)eç Mar	4246 429/2	425/4	42714	422
مغا	8.65	8.85	8.85	9.85	May	407/2	430/2 407/4	433/0 412/0	427
	9.40	9.42	9.40	9.40	ألعطه	381/4	381/0	384/4	400 380
Σ	OM 50,000	centa/iba			Sep Dec	385/4 394/0	385/4	380/0	388
	Close	Previous	High/Lov	,	-	3040	394/4	396/4	394
	55.85	55.16	56.55	55.68	LIVE	ATTLE 40	,000 lbs; cer	turika	
286	56.62	55.75	67,10	56.30	. ===				
)ec	56.85	55.87	57.20 57.40	58.50	· <u></u>	Cicse	Previous	High/Low	
lay lay	EE 04	55.85		56.75	Dea	72.57	78.02	79.25	72
lay U	55.95 56.85	33.90		ST SE				73.65	73. 74.
lay lay kt kt	56.85 57.05	55.90 -56.07	57.25 57.40	\$5.85 55.67	Feb	73.22	73.40 75.12		
lay lay kt kt	56.85		57.25			73.22 75.00 73.52	73.40 75.12 73.82	75.30	
Any Lay Lot Loc Har	56.85 57.05 57.20	35.07	57:25 57:40 0	56.67	Feb Apr Jun ; Aug	73.22 75.00 73.52 71.10	75.12 73.62 .71.17	75.30 73.70 71.25	73.
ter tay ul kat kac tar	56.85 57.05 57.20 GE JUICE	56.20 15,000 fbs	57.25 57.40 0 tents/lbs	56.67	Feb Apr Jun ; Aug Sep	73.22 75.00 73.52 71.10 70.40	75.12 73.62 71.17 70.40	75.30 73.70 71.25 70.70	73. 70. 70.
Any Lay Lot Oct Any MEAN	56.85 57.05 57.20 GE JUICE Close	56.07 56.20 15,000 fbs	57.25 57.40 0 ; cents/fbc	56.67	Feb Apr Jun Aug Sap Oct	73.22 75.00 73.52 71.10 70.40 70.20	75.12 73.62 71.17 70.40 70.17	75.30 73.70 71.25 70.70 70.87	73. 70. 70.
lay lay od lec lec	56.85 57.05 57.20 GE #UICE Close 184.25	36.07 50.20 15,000 fbs Previous 184.65	57.25 57.40 0 \$ bents/fbe High/Lox 185.00	56.67	Feb Apr Jun Aug Sap Oct	73.22 75.00 73.52 71.10 70.40 70.20	75.12 73.62 71.17 70.40 70.17	75.30 73.70 71.25 70.70 70.87	73. 70. 70. 70.
ter fey lot loc ter lov est	56.85 57.05 57.20 GE 400CE Close 184.25 173.80 171.80	36.07 56.20 15,000 fbs Previous 184.65 174.20 171.85	57.25 57.40 0 ; \$epts/fbe High/Loo 185.00 175.00 172.55	56.67	Feb Apr Jun Aug Sap Oct	73.22 75.00 73.52 71.10 70.40 70.20	75.12 73.62 71.17 70.40 70.17	75.30 73.70 71.25 70.70 70.87	73. 70. 70.
Lay of Control of Cont	56.85 57.05 57.20 GE 4U/CE Close 184.25 173.80 171.80 171.00	35.07 56.20 15,000 fbs Previous 184.65 174.20 171.85 171.00	57.25 57.40 0 \$ tents/fbe High/Loo 185.00 175.00 172.55 171.70	56.67 0 184.00 173.40 171.20 171.00	Feb Apr Jun ; Aug Sep Oct	73.22 75.00 73.52 71.10 70.40 70.20 Close	75.12 73.62 71.17 70.40 70.17 00 lb; cente/i	75.30 73.70 71.25 70.70 70.87 bs	73. 70. 70. 70.
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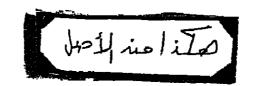
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Dow falls further as dollar retreats

Wall Street

THE WEAKNESS of the dollar continued to dominate the mood in the equity market yesterday and share prices drifted lower in sluggish volume, writes Janet Bush in New York. The Dow Jones Industrial Average closed 3.55 points lower at 2,114.69, having given up a small gain of around 5 points shortly after the open-

shares.
After almost a year of very little volatility and volume, the equity market had perked up in the few weeks before the election, mostly because of a wave of takeover activity but also because of some position-ing before the poll.

ing. Volume was low at 129m

Now that the election is over, with the result in line with expectations, and now that a political backlash has leveraged buy-out (LBO) plans, the market has been stripped of two key sources of momen-

The focus of US financial markets switched back to economic fundamentals and some long-run problems such as the twin deficits of trade and budget as soon as it became clear that Vice President George Bush had won. In the short-term, most of the nerves about the future have seeped into the foreign exchange mar-

The dollar has actually been sliding undramatically for weeks and has been no more than a background depressant to the US securities markets. By late trading, bond prices were showing small losses at the short end of the yield curve

and gains of only as much as % point at the long end.
The weakness of the dollar, coupled with another set of strong employment numbers a week ago, has revived talk of tightening by the US Federal

There was some speculation earlier this week that the Fed had already started targeting Fed Funds at perhaps 8% per cent from 8% per cent in recent months, although bond traders said that the drift up in the Funds rate probably reflected credit demand rather than Fed policy.

A weak dollar, worry about

higher interest rates, uncer-tainty about the new administration and continuing nervonsness about LBO financing gives little for the equity mar-

ket to cheer about.
Among featured issues yesterday was Amax, which added
\$% to \$23% after the company said it expected 1988 earnings to total at least \$700m or \$8 a share, a larger total than analysts had been expecting.

Pillsbury edged \$% higher to
\$58%. A Minnesota state judge
yesterday denied a request by Pillsbury shareholders to remove the company's poison pill. The company is fending off a bid from Britain's Grand Metropolitan.

Fleet-Norstar Financial Group, which was added to the Standard & Poor's 500 index at the close on Wednesday, jumped \$1 to \$26%.
Resorts International's Class
A shares added \$1/4 to \$34% on

the American Stock Exchange after the Bahamas Gaming Board approved the acquisition of the company by Mr Merv Griffin. This approval removed the last hurdle to Mr Griffin's \$36-a-share purchase of the Class A shares. On the over-the-counter mar-

ket, Air Cargo Equipment rose 3% to \$8% on news of a planned \$8.50-a-share takeover offer from Omni Holding of Switzerland. Air Cargo has already received an offer worth \$8 a share from Zero Corp. Allegheny Ludlum jumped \$2½ after the company

products rose most quickly.

Trading has been jittery and

sporadic in the absence of fur-

ther substantive political news.

"This is still a political mar-

ket," said one trader, with an air of exasperation. And so it

seems set to remain until polling day on November 21.

investors is the prospective cancellation of the trade deal,

which is backed by most Cana-

taking on its first day's trading

after the US election results -Wednesday was a holiday -and the general index lost 1.77

Electric utility Iberduero,

announcing a 39 per cent jump

in nine months pre-tax profits, eased 0.75 points to 127 per

ZURICH had what one dealer

called a real sort-out as worrie

about the dollar led to selling across the board. Volumes

were low, comprising largely domestic activity. The Crédit Suisse index fell 5.3 to 491.4.

Brown Boveri bearers fell

SF780 to SF72,715 amid rumours that the group was planning a possible rights issue. Insurance group Winterthur, which after the close

forecast improved 1988 profits, was off SFr45 at SFr5,580. BRUSSELS saw continued

speculation about the inten-

tions of Société Générale towards its holdings. Hoboken

rose BFr700 to BFr11,300 after La Générale's move to buy out other Vieille-Montagne share-holders through its Union Min-

ière subsidiary. Minière owns 75 per cent of Hoboken. The cash index added 6.67 to 5,383.09.

STOCKHOLM went into a

broad retreat after Wall Street's overnight fall, the dol-

lar's decline and Wednesday's

rise in local interest rates. The Affarsvärlden index eased 4.8

cent of par.

The prime factor worrying

NYSE Volume Average daily volume Oct 13, to Nov 9, 1967

0 27 28 31 1 2 3 4 7 8 9 10 Oct November 1988 declared a special dividend of \$3.50 a share and boosted its quarterly dividend to 25 cents a share from 12 cents.

Canada

CONCERN about how Presi dent-elect George Bush will handle the US budget deficit brought Toronto stocks lower late in the day after an early rise. The composite index fell 2.9 to 3,259.3. Declines led advances 392 to 304 on volume

dian stocks, bonds and dollars.

of Tory support may, correspondingly, instil a degree of upward momentum. However,

unless the party can regain the substantial lead, such momentum will probably be tempered by apprehension at the prospect of a minority government. Besides scuppering the trade deal, the fear is that a minority government.

government – of whatever hue - would provide weak leader-ship and be unable to make

Polls indicating a resurgence

ASIA PACIFIC

Profit-taking in electrical sector drags Nikkei down

Tokyo

CAUTION carried the day in Tokyo and share prices lost ground yesterday as investors turned to selling once the US presidential election had gone according to expectations, writes Michiyo Nakamoto in

Tokyo.

The Nikkei average falled to sustain Wednesday's strength and dropped 46.36 points to 28,166.42. The high of the day was 28,317.91 while the low was 28,164.78. The TOPIX index of all listed stocks rose, however, adding 6.06 points to 2,176.57.

Issues that fell outnumbered those that rose by 491 to 403. those that rose by 491 to 403 while 153 were unchanged, and volume remained substantial at 1.21bn shares although mod-erately lower than the 1.32bn traded on Wednesday. In London, the ISE/Nikkei 50 index slipped, losing 2.30 to

"it was a natural pullback," said Mr Michael Law at Schroder's Securities of the fall in Tokyo. Mr Norio Watanabe, director of Credit Suisse Investment Advisory, suggested investors were not expecting the market to strengthen much in coming weeks, particularly since the index came so close

since the index came so close to a new high on Wednesday. The last high for the Nikkei average was registered on August 5 at 28,423.38.

News that the alling Emperor Hirohito's temperature had risen added to a feeling of hesitation among investors. Should the Emperor die tors. Should the Emperor die, the market could be closed for a few days and would probably turn downwards when it

reopened, said dealers. The weakness in the index resterday was largely a result of massive selling of the export-dependent electricals. Investors, after seeing electrical shares drop almost to their lows, had focused on that sectors and the sectors and the sectors are the sectors. tor just two days ago. How-ever, electricals promptly lost their upward momentum and the expectation that the sector as a whole would not hold on to gains led to selling for quick

profits, analysts said. Sony dropped Y129 to Y5,780 and both NEC and Fujitsu fell Y50 to Y1,730 and Y1,380 respectively. Hitachi declined

Y10 to Y981. Steels were also largely neglected. Kawasaki Steel dropped Y30 to Y1,070, Nippon Steel eased Y17 to Y867 and Kobe Steel, the most actively traded issue at 62.2m shares,

Financial stocks were widely elected on the strength of lower interest rates and a strong bond market. Mr Watanabe of Credit Suisse said there was a spreading consen-sus among investors that financial issues would see some window-dressing towards the end of the year because the companies were reluctant to let their share prices fall below

declined Y3 to Y757.

certain levels.

Among gains in the financial sector, the Industrial Bank of Japan rose Y120 to Y3,430, Mit-subishi Bank added Y90 to Y3,210, Sumitomo Bank increased Y80 to Y3,490, Nomura Securities rose Y100 to Y3,550 and Nikko Securities

firmed Y40 to Y1,620.
The property asset and redevelopment themes once again led the market. Kubota, a top agricultural machinery maker, was selected on expectations that the value of its plant site in Chiba Prefecture would rise after a planned railway line opens nearby. The company also attracted interest on speculation that the site of its head office would be redeveloped. Kubota rose during the day to a high of Y953, up Y28, and

closed later at Y945. Showa Denko, a large integrated chemical company, was selected for its land along Tokyo's waterfront, rising Y32 to Y940. Tokyo Gas, second in volume terms at 46.1m shares, rose Y10 to Y1,540 — it has vast property holdings in a prime redevelopment area along Tokyo Bay. The company has also been selected on the recent strength of utilities, stemming from lower crude prices, lower interest rates and

a strong yen. Cosmo Oil attracted buying interest on the strength of restructuring moves and dere-gulation within the oil industry. Cosmo was the third most heavily traded issue at 43.1m shares and rose Y10 to Y1,150. Trading fluctuated in Osaka, but the OSE average closed

Y10 to Y1,440 and Toshiba lost 53.53 firmer at 25,759.27. Vol. Y10 to Y361. ume declined to 107.3m shares compared with 130.4m on Wednesday. Domestic demandrelated issues featured, with Tokyo Gas leading in turnover at 7.6m shares. Tokyo Gas firmed Y10 to Y1,070.

Roundup

LOSSES in New York and Tokyo and a general mood of anti-climax after the US presidential election left Asia Pacific markets weaker in duli

trading yesterday.

AUSTRALIA was quiet with little to stimulate interest other than a strong set of annual figures from National Australia Bank (NAB). Sentiment was not helped by the weakness of overseas markets, and the All Ordinaries index declined 0.4 to 1,564.1 on turnover of 96m shares worth A\$160m.

Banks were well supported on the back of NAB's 62 per cent rise in profits to A\$531m for the year to September 1988. NAB-itself gained 8 cents to A\$6.74. ANZ added 2 cents at A\$5.52 while Westpac remained unchanged at A\$5.78.

Elders IXL - up 1 cent at A\$2.93 - was heavily traded, topping the national turnover league for the day with over 7m shares worth A\$21m chang-ing hands. Coles Myer was also in demand, closing 10 cents

better at A\$10.30. HONG KONG drifted aimlessly with dealers rejuctant to trade before Wall Street's opening. Sentiment was depress by fears that the weak US dollar might lead to higher interest rates. The Hang Seng index lost 5.97 to 2,577.01 with HK\$493m worth of shares traded.

Burwill International was the most actively traded stock and closed unchanged at HK\$1.31. Among the few leading stocks to rise was Allied Properties, up 15 cents at

SINGAPORE fell sharply on profit-taking, the weakness of overseas markets and a lack of institutional demand. The Straits Times industrial index finished 12.34 lower at 1,014.12.

The 'other' election makes Canada jumpy

Uncertainty over the Tories' chances has upset the market, writes David Owen

hen the Canadian general election cam-paign began on October 1, the hope was that it would give the country's stock markets a much-needed shot in the arm.

Prime Minister Brian Mulroney and his high-flying Conservatives were on their way to a second consecutive majority in Ottawa, or so it appeared. This - the theory ran - would ensure ratification of the much-vaunted US-Canada free trade agreement and bolster general confidence in the buoyant domestic economy.

Five weeks later, that is not the way things are working out. Last Monday, the Toronto Stock Exchange's benchmark TSE-300 index plummeted by more than 75 points, or 2.25 per cent - its 13th largest one-day

again in European stock mar-

kets yesterday, leaving vol-

umes low and bourses generally weaker, writes Our

Markets Staff.
FRANKFURT fell to its low-

est level for a month in thin

trading as the market reacted nervously to the weak dollar.

Shares were down right across

the board with no sector show-ing any gains. At midday the

FAZ was down 6.0 at 524.33,

and by the close the DAX index was 13.96 lower at

Daimler was again the focus of attention, falling DM9 to DM741 as Mr Ulrich Immenga,

head of West Germany's monopolies commission, reaf-

firmed his opposition to the car maker taking a 30 per cent stake in aerospace group MBB. Although Mr Immenga might

rule against the deal, the Gov-ernment – which supports the Daimler/MBB link – has the

power to overturn his decision. Allianz dropped DM18 to

DM1,683 after confirming that

it has taken a sizeable holding in Dresdner Bank. The stake -

said to be nearer 5 per cent than the originally estimated 20 per cent — should not be

regarded as a prelude to either a merger or a joint venture between the groups, said one

analyst. "There is nothing yet to suggest that Allianz and

Dresdner are about to leap into bed with each other," he said.

Shareholder unease with

poll which gave the opposition Liberal party a commanding 12-point lead in public support. No sector escaped the down-turn. The hardest hit included industrial products - which slumped 3.3 per cent - pipelines, transport and manage

ment companies. US investors were said to have been among the most prominent sellers, perhaps because of the renewed weakness of the Canadian dollar in spite of heavy central bank intervention.

In Montreal, the response to the poll was similar, with the market portfolio index dropping 33.17 points, or just over 2 per cent. The highly specula-tive Vancouver Stock Exchange index, meanwhile, fell by a comparatively meagre 0.5 per cent to 854.4. The TSE-300 has since

Asko's DM866m rights issue sent the retailer falling DM4 to

DM778, below the DM780 issue price. "Shareholders are

unhappy with both the size of the issue and its lack of dis-count," explained one dealer.

The placement was now likely

to be seriously undersub-

before the start of the long weekend today for Armistice

Day, but share prices managed

to climb over the session. The CAC General index lost 1.6 to

395.6 and the OMF 50 index

was 1.25 higher at 411.73. Suez was a feature, rising

FFr11 to FFr332 in healthy vol umes. One salesman said good results from Société Générale

de Belgique, in which it has a

29 per cent stake, were benefit-ing Suez, and there was

renewed speculation on a

reshuffling of hard core shareholdings.
CCF edged up 20 centimes to
FFr178 after denying reports
that it had asked shareholder

Taiyo Life of Japan to increase

its stake. Turnover in CCF

technical correction before

today's options expiry deadline and the end of the account

next Tuesday. The market was

due a downturn partly because it had jumped the gun on Wednesday in reacting more positively to the US election result than other international

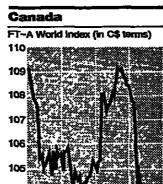
bourses, said one analyst. By

MILAN closed lower on a

reached about 375,000 shares.

PARIS had a quiet session

Frankfurt drops to four-week low



chalked up a 17.5 point gain (with declining stocks none the less outnumbering advancers by seven to six on Tuesday) and a 16 point loss on Wednesday. On Tuesday, industrial

News of two large share issues dominated the day's trading. Merchant bank Mediobanca fell L130 to L20,150

after announcing it would sell to the public 27m shares cur-

rently owned by three banks -

BCI, Credito Italiano and

Banco di Roma - on November 21. The issue, to be fol-

lowed by the sale to a private group of investors of a further 10.2m shares, will complete the partial privatisation of Medio-

Clothing group Benetton dropped L125 to L11,450 on news it will put up for offer 15m of its own shares some time next year. No further details were revealed, but one analyst said the shares were

likely to come out of the Benet-

ton family's current holding.

AMSTERDAM spent the day

dollar-watching and conse-

quently - in spite of better than expected figures from Royal Dutch - closed easier in thin trading. The CBS index

Royal Dutch pleased the market with an 18 per cent jump in third quarter profits to

£772m - the group reports its accounts in sterling - and the shares gained Fl 1.60 to Fl 224.60. Aircraft maker Fokker eased 10 cents to Fl 28.50 after

warning the market not to expect large profits until after

MADRID was hit by profit-

ended 1.1 lower at 98.9.

dian business people.

For the pact to be ratified, a Conservative majority is

progress in areas such as tax reform and controlling Cana-da's increasingly onerous pubalmost certainly needed, because the deal is opposed by both the Liberals and the leftlic sector debt. of-centre New Democratic Party (NDP). Further indica-Either way, would-be inves-tors in Canadian capital mar-kets over the next 10 days tors, along the lines of Mon-day's poll, that a ratification is becoming increasingly unlikely should remain appraised of the standing of the parties in the latest opinion poils. are liable to result in a renewed selling spree of Cana-

SOUTH AFRICA

GOLD ISSUES were mixed to lower in Johannesburg after a rise in the rand and in spite of a firm bullion price. Randfontein gained R5 to

R275 while Vaal Reefs lost R2.50 to R282.50.



ASSURANCE

Pre-tax profit increase to £152.8m

- ★ Operating profit before taxation increased by 20% to £152.8m (1987 £127.7m).
- ★ Good new life business growth.
- ★ Strong performance in the United Kingdom and improved results in the Netherlands.
- ★ Shareholders' funds £1,335m.

NINE MOI	NINE MONTHS' HIGHLIGHTS						
	9 months 1988 Unaudited	9 months 1987 Unaudired					
Total premium income	£2,349.7m	£2,256.3m	+ 4%				
Operating profit before taxation	£152.8m	£127.7m	+20%				
Operating profit after taxation	£88.8m	£78.9m	+13%				
Earnings per share	21.1p	18.9 _p	+12%				



Commercial Union Assurance Company plc

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	THURSDAY NOVEMBER 10 1988					WEDNESDAY NOVEMBER 9 1988			DOLLAR INDEX		
Figures in parentheses	US	Day's	Pound	Local	Gross	US	Pound	Local			Year
Show number of stocks	Dollar	Change	Sterling	Currency	Div.	Dollar	Sterling	Сигтепсу	1988	1988	ago
per grouping	Index	%	Index	Index	Yield	Index	Index	Index	High	Low	(approx)
Australia (91)	150.51	+0.6	124.24	118.73	4.29	149.68	123,94	118.72	152.31	91.16	89.11
Austria (17)	97.66	+0.7	80.61	89.15	2.40	97.02	80.33	89.03	98.18	83.72	89.44
Belgium (63)	132.63	+0.6	109.49	121.35	4.17	131.80	109,13	121.07	139.89	99.14	100.41
Canada (125)	117.45	+0.5	96.96	104.18	3.33	116.83	96.74	104.23	128.91	107.06	102.19
Denmark (39)	148.16	+0.3	122.30	136.83	2.20	147.70	122,30	136.95	148.99	111.42	107.96
Finland (26)	126.76	+0.7	104.63	110.96	1.50	125.82	104.18	110.72	139.53	106.78	_
France (130)	110.46	+0.4	91.18	104.09	3.12	110.05	91,12	103.84	110.46	72.77	82.87
West Germany (102)	85.46	-0.9	70.56	78.10	2.38	86.29	71,45	78.98	87.49	67.78	75.45
Hong Kong (46)	105 50	-0.4	87.09	105.77	4.80	105.91	87.70	106.21	111.86	84.90	81.68
reland (18)	129.86	-0.9	107.20	120.42	4.17	131.03	108.50	121.63	144.25	104.60	105.32
taly (100)	85.79	-0.2	70.82	83.87	2.40	85.92	71.15	84.17	85.92	62.99	73.76
Japan (456)	177.98	+0.5	146.92	139.45	0.53	177.16	146.69	139.08	177.98	133.61	128.88
Mataysia (36)	139.55	-1.6	115.19	143.87	2.98	141.78	117.40	146,42	154.17	107.83	100.48
Mexico (13)	165.83	i -0.2 i	136.89	414.64	1.31	166,23	137.64	415.65	180.07	90.07	199.57
Netherland (38)	109.68	+0.0	90.54	99.24	4,96	109.70	90.84	99.44	111.00	95.23	99.31
New Zealand (25)	73.83	+1.1	60.94	61.34	6.35	73.05	60.49	61.38	84.05	64.42	75.99
Norway (25)	122.51	-0.5	101.13	109.54	2.65	123.16	101.98	110.29	132.23	98.55	110.70
Singapore (26)	120.41	-1,5	99.40	109.20	2.48	122.28	101.25	110.27	135.89	97.99	94.48
South Africa (60)	122.23	+4.3	100.90	99.88	4.55	117.15		110.87			
Spain (42)	151.58	-0.1	125.13	133.32		151.78	97.00	100,42	139.07	98.26	122.95
Sweden (35)		-0.3	109.94	120.62	3.07		125.68	133.84	164.47	130.73	121.18
Switzerland (56)	84.47	-0.9	69.73		2.37	133.58	110.60	121,22	133.58	96.92	92.84
United Kingdom (320)		+0.4	113.67	77.35	2,18	85.20	70.54	78,22	86.75	74.13	79.76
USA (577)	111.62	+0.1	92.14	113.67	4.65	137.20	113.60	113.60	141.18	120.66	121.11
			72.14	111.62	3.63	111.54	92.36	111,54	115.55	99.19	101_31
Енгоре (1011) ,,	114.55	+0.0	94.56	100.46	3.70	114.52	94.83	100.68	114.55	97.02	98.14
Pacific Basin (680)	173.96	+0.4	143.60	137.16	0.75	173.19	143.40	136.84	173.96	130.81	125.57
Euro-Pacific (1691)	150.21	+0.3	123.99	122.48	1.66	149.74	123.98	122.37	150.21	120.36	114.64
North America (702)	111.91	+0.1	92 38	111.18	3.61	111.80	92.57	111.11	116.07	99.78	101.36
Europe Ex. UK (691)	99.98	-0.3	82.54	92,42	2.94	100,24	83.00			80.27	
Pacific Ex. Japan (224)	125.70	+0.1	103.77	108.41	4.42	125.51	103.93	92.85	100.24		83.88 85.60
World Ex. US (1889)	148.80	+0.4	122.83	121.77	1.73	148.28	122.78	108.68	128.27	87.51 120.26	
World Ex. UK (2146)	134.18	+0.3	110.76	118.78	2.08	133.84	110.82	121.67	148.80		114.35
World Ex. So. Af. (2406)		+0.2	111.07	118.41	2.00	134.23		118.68	134,18	111.77	108.13
World Ex. Japan (2010)	113.59	+0.1	93.77	107,49	3.69	113,46	111.14 93.95	118,31 107,55	134.55 115.54	113.26 100.00	109.19 99.91
The World Index (2466)	134.48	+0.3	111.01	118.28	-2.32	134.12	111.05	118.19	134.48	113.37	109.28

Base values: Dec 31, 1986 = 100; Finland: Dec 31, 1987 = 115,037 (US 5 Index), 90.791 (Pound Sterling) and 94.94 (Local). Copyright, The Financial Times Limited. Goldman, Sachs & Co., and County NatWest Securities Limited. 1987